GSP3201 ENTREPRENEURIAL STUDIES

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INTRODUCTION TO ENTREPRENEURIAL STUDIES

1. INTRODUCTION

Entrepreneurship, just like management has no single definition.

- An entrepreneur is a person who is action oriented, highly motivated, takes risks to achieve goals.
- An entrepreneur is a person who establishes his own business with the intention of making profits.

To sum up in the light of the developments, there are four key elements of entrepreneurs. These are:

i. Vision - identifying emerging opportunities
ii. Innovation - creating new business or new ways of doing something
iii. Risk bearing - taking risk and facing uncertainty
iv. Organizing - collection and coordination of the necessary resources

2. ENTREPRENEUR AND ENTREPRENEURSHIP

Entrepreneurship, like an entrepreneur, has no single definition. Entrepreneur is a person while entrepreneurship is a process. Entrepreneurship is a process under taken by an entrepreneur to create incremental value and wealth by discovering investment opportunities, organizing enterprises, undertaking risks and economic uncertainty and there by contributing to economic growth.

The term '*entrepreneurship'* refers to the functions performed by an entrepreneur. It is the process involving various actions to be undertaken by the entrepreneur in establishing a new enterprise. In fact, what an entrepreneur does is regard and entrepreneurship. Thus, entrepreneurship can be viewed as function of:

i. Identifying and using the opportunities exist in the market
ii. Converting the ideas into action
iii. Undertaking promotional activities to launch an enterprise
iv. Striving for excellence in his/her field of work
v. Bearing the risk and uncertainties involved, and
vi. Harmonizing

Entrepreneurship can be described as a creative and innovative response to the environment and the process of giving birth to a enterprise. Such response can take place in any field of social endeavour, business, agriculture, education, social work etc.

3. IMPORTANCE OF ENTREPRENEURSHIP

It has been said that entrepreneurship is essential for economic development. In capitalistic economics, the entrepreneurs played an important role in their development. In socialist economies, the state played the role of the entrepreneur. However, in an developing country like Nigeria, which followed the path of mixed economic, both the government and the private entrepreneurs played an equally important role. of course, there has been a significant, increase in entrepreneurship in Nigeria in the past liberalization period. People have now begun to realize the crucial role the entrepreneurs have to play for achieving the goal of economic development. They are regarded as the prime movers of innovations and act as key figures in economic development of a country. Thus, entrepreneurship:

a) Helps the formation of capital by bringing together the savings and investment of people;
b) Provides large-scale employment opportunities and increases the purchasing power of the people;
c) Promotes balanced regional development in the country.

4. QUALITIES OF SUCCESSFUL ENTREPRENEUR

The Nigerian business has seen great entrepreneurs like Dangote, Bua, and many more who came up recently such as Azman, Aym Shafa etc. The question is what makes an entrepreneur successful? Did they have certain common qualities? The answer is, they all had certain prominent qualities, which can be summarized as follows:

a. **Initiative:** An entrepreneur must have an innovative aptitude, pick the right opportunity, and initiate action. If he/she does not initiate action at the right time, the opportunity may be lost. Hence, the ability of an entrepreneur to take initiative is the key to the success of the venture largely.
b. **Wide Knowledge:** An entrepreneur should have wide knowledge of the economic and non-economic environment of business like the market, consumer attitudes, technology, etc. In the absence of such adequate knowledge, the decisions taken by him may be poor and will not contribute to the profitability of his business in the long term.
c. **Willingness to Assume Risk:** entering any venture is full of risks and uncertainties. In order to deal with various kinds of risks and uncertainties efficiently, the entrepreneur should have willingness and necessary foresightedness to assume risks. The quantity and quality of risk taking would determine the quality of business decisions.
d. **Open Mind and Optimistic Outlook:** An entrepreneur should have an open mind. He/she must possess a dynamic and optimistic outlook so as to predict changes in the business environment and respond effectively without delay.

e. **Adaptability:** The entrepreneur must understand the ground realities of the business environment. He/she should be prepared to adapt to the changes taking place in the system. Any resistance to change and delay in responding there to, shall lead to losing the opportunity of taking advantage thereof.

f. **Self-Confidence:** For achieving success in life, one should have confidence in himself/herself: A person who lacks confidence can neither do any work himself/herself nor inspire others to work. Self-confidence is reflected in courage, enthusiasm and the ability to lead.

g. **Leadership Qualities:** An entrepreneur should possess the qualities of a good leader. He/she should have the traits of self-discipline, presence of mind, sense of justice, honour and dignity and above all a high moral character.

h. **Orientation towards Hard Work:** There is no substitute for hard work in life. While running a business, one problem or they may occur. The businessperson has to be vigilant about these and find solutions thereof as early as possible. This requires hard work on the part of the entrepreneur. He has to put in extra efforts to ensure success of the enterprise started by him.

5. FUNCTIONS OF AN ENTREPRENEUR

The functions of an entrepreneur can be summarized as follows;

a. **Conception of an Idea:** An entrepreneur is the person with a creative mind who can identify business opportunities and take steps for the conversion of ideas into successful business ventures, and give them a concrete shape.

b. **Promotion:** It is field that generally an entrepreneur undertakes the risk of setting up a small enterprise as a sole proprietor. However, now-a-days many entrepreneurs have assumed the role of promoters of large companies. In fact, promotion may be undertaken for setting up a new business, small or large expansion of an existing business or for combining two or more business firms. As a promoter, the entrepreneur has to conduct feasibility studies, decide to the form of organization, assemble the required funds and people, and give concrete shape to the business proposition.

c. **Innovation:** An entrepreneur is also seen as an innovator who tries to develop new technology, products, and markets. The entrepreneur uses his creative abilities to do new things and exploit opportunities in the market.

d. **Bear of Risks and Uncertainty:** You know that starting of a new business venture involves good amount of risk and uncertainty. To start with, entrepreneur assumes risks and is prepared for the losses that may arise because of unforeseen situations in future. In fact, his willingness to take risks helps him to take initiatives in doing new things or trying new methods of production.

e. **Arranging Necessary Capital:** Arranging funds is one of the biggest hurdles in setting up a new entrepreneur. He has to provide the initial capital (otherwise known as "*risk capital*" or "*seed capital*") for starting the ventures and then make the necessary arrangement for raising additional funds required to carry on and expand the business.

6. TYPES OF ENTREPRENEURS

a. **According to the type of business:**
   i. Trading entrepreneur
   ii. Industrial entrepreneur
   iii. Agricultural entrepreneur
   iv. Service entrepreneur
b. **According to the use of technology:**
   i. Technical entrepreneur
   ii. Non-technical entrepreneur
c. **According the area:**
   i. Urban entrepreneur
   ii. Rural entrepreneur
d. **According to gender;**
   i. Men entrepreneur
   ii. Women entrepreneur

7. ISSUES AND PROBLEMS FACED BY ENTREPRENEURS

A business enterprise comes into existence due to the pioneering efforts of entrepreneurs. However, there are several issues and problems faced by entrepreneurs while giving shape to their idea. These are as follows:

a. **Selection of business:** the entrepreneur might be having a very good business idea. However, successful implementation of the idea into business activity involves a painstaking exercise. First, he/she has to study the market to know whether the idea of products or services could be accepted by the market. For the purpose, the entrepreneur has to determine the market demands of the intended products/services and carry out exercise find out the projected costs of the product or service. In this way, the entrepreneur shall be able to know as to whether the venture is profitable or not. This systematic exercise is known as a '**feasibility study'** and presented in the form of a report known as '**Feasibility Report'** or **'Project Report'**. Not only that, an entrepreneur may conceive a number of ideas and identify many new business opportunities. In view of limited resources he may like to give shape to most the profitable one. The feasibility studies shall help him/her to identify the same.

b. **Choice of Form of Business Enterprise:** There are various options available to the entrepreneur as far as the choice of form is concerned. He/she may go in for sole proprietorship, a partnership, or a joint stock company. The choice is rather difficult issue. However, there are certain lines of business where one has no choice. For example, take the case of baking insurance. The joint stock companies can only take there up. The size of the business will determine the form of organization. Apparently, company form of organization is suitable in case of large-scale operations, while sole proprietorship or partnership is considered more suitable for small scale and medium scale operations.

c. **Financing:** The problem or arranging finance always troubles the entrepreneur. As you know, without capital no business activity can be started. Capital is needed for the entrepreneur to buy fixed assets like land and building, machinery etc. Further, finance is needed to meet day-to-day expenses of the business. Having built up the estimate of the amount of capital required; the entrepreneur may have to arrange finance from various sources. Many financial institutions like ITF, NDE etc. are providing '**seed capital fund'** or **'venture capital fund'** for the financing of good entrepreneurial ventures. Therefore, the entrepreneur shall have to approach these financial institutions and bankers for the purpose, provide some funds on his own and plan for a public issue of capital at the appropriate time.

d. **Location:** The problem of locating the business unit is another issue for consideration that should be carefully handled by entrepreneur. Location of a business unit depends upon many factors like availability of raw material, availability of transport, power, water, nearness to market etc. The government also provides many incentives in the form of tax holidays, rebate in power and water bills etc. to the unit located in a backward area or underdeveloped are. Thus, the entrepreneurs need to look at all these factors before setting up a business unit.

e. **Size and the Unit:** Size of the business is influenced by several factors like technical, financial and market considerations. When entrepreneurs feel that they can market the intended products or services and can raise sufficient amount of capital, they can start their operations in a big way. Generally, the entrepreneurs may start their operation on small and expand gradually.

f. **Machines and Equipment:** The choice of machines, equipment, and processes is a delicate problem before starting a new venture. This depends on various factors like availability of funds, size of production, and the nature of production process. The emphasis should be placed on productivity. Availability of facilities of repairs and

maintenance, availability of spare parts and after sale services are also an important consideration while selecting a particular equipment and machinery.

g. **Suitable Manpower:** If the size of business is large, the entrepreneur has to find suitable competent persons for various functional areas. She/he has to identify the right persons for each area and motivate them to join the set up. It is not that easy. It involves a lot of patience and persuasion.

Thus, the entrepreneur has to find solution to many problems and issues while launching a new business. The success is ensured by making proper choices and arrangements.

THE ENTREPRENEURIAL PROCESS

INTRODUCTION

The entrepreneurial process indicates that the decision becomes an entrepreneur and the development successful business ideas indicate that sometimes the opportunity to develop an idea may prompt a person to become an entrepreneur.

STEPS IN ENTREPRENEURIAL PROCESS

Barringer and Ireland (2012) identified four steps involved in the entrepreneurial process.

Step 1: Decision to become and Entrepreneur

To pursue one's own idea and to realize financial rewards may prompt people to become entrepreneurs in order to be their own bosses. For example, as a result of loss of job or unemployment, one may decide that the time is ripe to start one's own business. Or one may have money to start one's own business as a result of an inheritance. Lifestyle may also trigger entrepreneurial careers. For example, a woman may wait until her youngest child is in school before she decides to launch her own business venture.

Step 2: Developing Successful Business Ideas

The failure of many new businesses is not because the entrepreneur is not hard working but that there was no real opportunity to begin with. Developing a successful business idea includes opportunity recognition, feasibility analysis, writing a business plan, industry analysis, and the development of an effective business model.

Step 3: Moving from an Idea to an Entrepreneurial Firm

The first thing an entrepreneur does in order to turn an idea into reality is to prepare a proper ethical and legal framework for the firm, including selecting an appropriate form of business ownership.

Step 4: Managing and Growing an Entrepreneurial Firm

All firms must be managed and grown properly to guarantee their continuous success in today's competitive and dynamic environment. This is the last step of the entrepreneurial process.

SIMILARITIES BETWEEN CORPORATE AND START-UP ENTREPRENEURSHIP

Morris, Kuratko and Covin (2011) made the following similarities/differences between corporate and start-up entrepreneurship:

1. They both involve opportunity recognition and definition.
2. They both require a unique business concept that takes the form of a product, service, or process.
3. They are both driven by an individual champion who works with a team to bring the concept to fruition.

4. They both require that the entrepreneur be able to balance vision with management skill, passion with pragmatism, and pro-activities with patience.
5. They both involve concepts that are most vulnerable in the formative stage, and that require adaptation overtime,
6. They both entail a window of opportunity within which the concept can be successful capitalized upon.
7. They are both predicated on value creation and accountability to a customer.
8. They both find the entrepreneur encountering resistance and obstacles, necessitating both perseverance and an ability to formulate innovative solutions.
9. They both entail risk and require risk management strategies.
10. They both find the entrepreneur needing to developing creative strategies for leveraging resources.

MAJOR DIFFERENCES BETWEEN CORPORATE AND START-UP ENTREPRENEURSHIP

S/N	START-UP ENTREPRENEURSHIP	CORPORATE ENTREPRENEURSHIP
1.	Entrepreneur takes the risk	Company assumes the risks, other than career-related risk
2.	One misstep can mean failure	More room for errors, company can absorb failure
3.	Speed of decision making	Long approval cycles
4.	Little security	Job security
5.	Few people to talk to	Extensive network for bouncing around ideas
6.	Entrepreneur owns all or much of the business	Entrepreneur may have a equity in the company, or a very small percentage.

BENEFITS OF ENTREPRENEURSHIP

According to Scarborough (2014), the following are the benefits of entrepreneurship:

1. **Opportunity to Create your Own Destiny:** Entrepreneurship provides the business owners the independence and the opportunity to achieve what is of immense benefit to them. They want to call the shots in their lives, and they use their business to make this a reality come true.
2. **Opportunity to Make a Difference:** Entrepreneurs start businesses because they want to make a difference in a cause that is important to them. Social entrepreneurs, for example, are business builders who seek innovative solutions to some of society’s most vexing problems. They use their skills not only to create profitable business enterprises but also to achieve social and environmental goals for society as whole. Their businesses are often characterized to have a triple bottom line, which include economics, social, and environmental objectives.
3. **Opportunity to Reach Your Full Potential;** Entrepreneurs do not find their work boring, unchallenging and unexciting. This is because there is no much difference between work and play; to them the two are the same. Their businesses become their weapons for self-expression and self-actualization. To them, the only

boundaries on their path to success are those imposed by their own enthusiasm, vision, and creativity. They are empowered because of their own businesses.

4. **Opportunity to Reap Impressive Profits:** Entrepreneurs are not driven primarily by money, the profits their businesses can make are an important motivating factor in their decisions to launch and build their businesses. A recent research shows that, a high percentage of small business owners agree that they are in a better financial position running their own businesses than working for someone else. Most entrepreneurs are wealthy but may not be super rich.
5. **Opportunity to Do What You Enjoy and Have Fun at It:** Many entrepreneurs decide to enter their particular business lines because they have an interest in them and enjoy those lines of work. They have made their hobbies (avocations) their work (vocations) and are happy they did!

THE POTENTIAL DRAWBACKS OF ENTREPRENEURSHIP

Anyone who decides to enter the world of business should be aware of its potential drawbacks, despite the fact that owing a business has many benefits and provide many opportunities. Individuals who prefer a steady salary, a comprehensive compensation benefit, a two-week paid holiday, etc. should not go into business for themselves. Scarborough (2014) identified the following as the disadvantages of entrepreneurship:

1. **Uncertainty of Income:** Entrepreneurship does not guarantee that the business owners will earn enough money to survive when he or she opens and runs the business. Some small businesses hardly earn enough to provide the owner-manager with an adequate income. In the early days of a business start-up, the business most times cannot provide an attractive income for its owner and meet all its financial obligations, meaning that the business owner may have to live on savings. The steady income that comes with working for someone else is missing because the owner is always the last person to be paid.
2. **Risk of Losing Your Entire Investment:** Financial ruin can be the outcome of a business failure for an entrepreneur, and the rate of failure for the small business is relatively high. Before going into any business, the entrepreneurs should ask themselves if they could cope psychologically with the consequences associated with a business failure - What is the worst that could happen if my business fails? – How likely is the worst to happen? - (Am I truly prepared to launch my business?) - What can I do to lower the risk of my business failing? If my business were to fail, what is my contingency plan for coping?
3. **Long Hours and Hard Work:** Business start-ups often demand long hours from their owner. Entrepreneurs do not go for holiday because they are - Too busy! The demands of owning a business make achieving a balance between work and life hard for entrepreneurs. This is because the nature of your business demands a full-time attention/commitment especially at the early stage of the business life.
4. **High Levels of Stress:** Starting and managing a business can be an incredibly rewarding experience, but it also can be a highly stressful one. Entrepreneurs often have made huge investments in their businesses; have left behind the safety and security if a steady salary.

ROLE OF ITC IN ENTREPRENEURSHIP

Information and Communication Technology is a tool of communication that has far-reaching impact on the performance of economic activities and success of individual firms. ICT carries with it a great potential for transforming the lives of the citizens by connecting markets, improving access to government service, education and entertainment. ICT can bring about innovation and establishment of new businesses even in challenging environments in rural settings. Although, ICT has open entrepreneurial opportunities in Nigeria, access to and use of it is at the minimal.

There is a gap to bridge between the knowledge, skills the entrepreneurs possess, and what is needed in ICT. With ICT, entrepreneurs can run more efficiently and reach markets that were out of reach (Nwoye. 2011: 233). We should note that most ICT devices and programmes are based on the ability to read and write and so it is necessary to organize literary classes who lack it and for more sophisticated ICT equipment it would be necessary to get requisite ICT training on how such devices work.

CHAPTER 1:

CONCEPT OF ENTREPRENEURSHIP

Entrepreneurship is the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, social risk and receiving the resulting rewards of monetary and personal satisfaction and independence.

However, a person decides to do something either because something in that activity lure him or he takes it as option in lieu of something else, he is forced to do it people or circumstance. The factors which lure a person to become entrepreneur are called **PULL FACTORS** and the factors that compel him are called **PUSH FACTORS.** These factors are explained below:

PULL FACTORS: Pull factors include the following:

- **Perception of Advantages:** If a person feels that he can earn better or overall gains in terms of money, status, security, future, etc. as an entrepreneur better than working as an employee, he tends to turn an entrepreneur.
- **Spotting an Opportunity:** Many employees spot a business opportunity in the course of their work and decide to exploit that opportunity rather than pass it on to their employer. Many employees buy unsuccessful businesses at throw away prices from their former employers and turn them around.
- **Government Policies:** Government very often formulate policies to promote certain business activity or backward areas which offer tax concessions/holidays, cash subsidies cheap land, etc. which improve success and profit prospects.
- **Motivation:** From biographies or success stories.
- **Influenced:** by culture, family background, teachers, peers, etc.

PUSH FACTORS:

- **Job Dissatisfaction:** Many people start their own venture because they feel dissatisfied with their existing jobs/boss/work environment.
- **Relocation:** Repeated or especially unhappy relocation sometimes prompts some people to entrepreneurship.
- **Joblessness:** This is the bigger source of micro level entrepreneurships. Many parents help their academically poor children, who fail to find a job, to start their own micro

ventures. But success rate in such ventures is poor. They very traits responsible for their academic failure lead to business failure.

- **Lay Off:** Layoff often lower the market value of an employee to half. Thus, if a person is laid off and he is unable to find a suitable job for him, he might think of starting his own business.
- **Retirement:** Many retired, but physically and mentally fit people start their own business either to supplement their pension/savings or just to keep themselves gainfully occupied.

CRITICAL SUCCESS FACTORS IN ENTREPRENEURSHIP

If we take a look at many successful enterprises today, we can see that there must be some things some inner forces that make success possible. Nearly all successful managers behave alike. They take calculated risks. They understand their strategic direction and at the same time they remain focused. Our focus in this discussion is to understand those factors that are critical for success in entrepreneurship.

- **Existence of a Good Business Opportunity:** since we are discussing success factors in entrepreneurship, it must also be important to stress that the objective of the entrepreneur is to make a profit, however, cannot be made unless there exists a good business opportunity which the entrepreneur has seen and wants to exploit.
- **Technical Competence:** Technical competence ordinary refers to the ability of the entrepreneur to understand the business in question and also possess the relevant knowledge and skills to engage in the business. For example, a person engaged in the business of photography must understand the handling of cameras, films and to some extend film processing. These are the things that contribute to successful photography. Other examples are available.
- **High Mental Ability:** Another critical success factor is high mental ability. High mental ability is very important for an entrepreneur to be really successful. Mental ability refers to the capacity to understand. It enables the entrepreneur to think and develop strategies that will lead to success in a highly competitive environment.
- **Human Relation Skills:** Possession of good human relation skills is another critical success factor in entrepreneurship. We have deliberately chosen human relation skills because it stands on its own as an aspect of management competence. We have chosen the human relation aspect of management because as we said, the entrepreneur is the factor that organizes the other factors of production. Land is a non-human factor of production. So, also is capital. But labour is a human factor of production. And it is the ability to manage this human factor of production that leads to excellent business performance.

CAUSES OF BUSINESS FAILURE

As said earlier we will discuss the causes of business failure so as to give potential entrepreneur adequate information on what could lead to failure in business. This is important because prevention is better than cure.

- **Unbalanced Experience in a Line of Business:** This is one of the major causes of business failure. Every line of business has its own unique features. A potential entrepreneur going in to business needs to have prior experience and knowledge or someone with experience in a particular line of business for guidance.
- **Poor Managerial Experience:** The difference in performance between two organizations can be traced to their different management. Good and effective managers make a lot of difference in an organization. An organization with a good crop of managers will obviously show superior performance than one with poor managers. So it is very easy for us to say that poor managerial experience on the part of the entrepreneur can lead to business failure.
- **Lack of Information about the customer:** All over the world today and in every situation, the business is woven around the customer. Successful businesses direct their energies towards satisfying their customer. And as is said, "**The customer is king"**. It therefore follows that any business that does not have sufficient information about the customer is likely to fail. This is because the customer is likely to switch alliance.
- **Lack of Product Development:** Today's customers are always asking for new products with new and better features or an upgraded version of existing ones. Lake of value addition to a product can therefore make customers stop patronizing a product thereby leading to decline in sales which result to failure of business.

CHAPTER 2: ENTREPRENEURIAL THEORIES

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Evolution and Theories of Entrepreneurship: A Critical Review on the Kenyan Perspective

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Abstract:

This paper attempts to give a critical review of various theories of entrepreneurship and also shows how the theories can be applied in the developing countries with emphasis on East Africa but focusing Kenya's entrepreneurial culture and practices. All these approaches are critically analyzed and both strong sides and shortcomings are introduced in terms of their implications This paper focuses on various approaches of entrepreneurships such as classical theorists like Richard Cantillon- the entrepreneur who equilibrates supply and demand in the economy by bearing risks or uncertainty; Jean Baptiste Say who portrays the entrepreneur as a manager being an agent of production in the economy rather than a risk taker; the neoclassical theories of Alfred Marshall who introduced an innovation function of an entrepreneur by continuously seeking opportunities to minimize costs and ultimately maintaining equilibrium in the economy through perfect competition; Schumpeterian approach as the creative destroyer of equilibrium through innovation and discovery of opportunities by introducing new products or new processes; Kirzner who introduced the entrepreneur alert and a creation of economic shock and the response of the alert entrepreneur to the same; Knightian entrepreneur as a residual claimant and risk taker in the environment of uncertainty, the approach of Schutz of using information revealed to react to opportunities through change of behavior and action and other recent theorists. A review is also done on the sociological aspects of entrepreneurship with a view to solve social issues (social entrepreneurship); biological theories which brings in the gender differences in the start-up and operation of entrepreneurial ventures with an emphasis on risk taking; an analysis of entrepreneurship as a team concept rather than an individualistic issue and the benefits that arise from it due t supportive mechanisms such as culture and policies.

Key Words: *Theories of entrepreneurships, approaches, culture, practices, human capital, Profits, equilibrium.*

According to Van Praag (1999), Richard Cantillon was the fist economist to acknowledge the entrepreneur as a key economic factor in his posthumous "Essai sur la nature du commerce en general" first published in 1755 (Cantillon, 1959). Cantillon saw the entrepreneur as responsible for all exchange and circulation in the economy. As opposed to wage workers and land owners who both receive a certain or fixed income/rent, the entrepreneur earns an uncertain profit (Hebert and Link, 1988). Cantillon's entrepreneur is an individual that equilibrates supply and demand in the economy and in this function bears risk or uncertainty.

Say (1767-1832) provided a different interpretation of the entrepreneurial task. He regarded the entrepreneur as a manager of a firm; an input in the production process. (Say, 2001).

Say saw the entrepreneur as the main agent of production in the economy. Rather than emphasizing the risk-bearing role of the entrepreneur, Say stressed that the entrepreneur's principle quality is to have good judgment (Hebert & Link, 1988, p. 38).

The entrepreneur acts in the static world of equilibrium, where he assesses the most favorable economic opportunities. The payoff to the entrepreneur is not profits arising from risk-bearing but instead a wage accruing to a scarce type of labor, the role of the entrepreneur is separated from that of the capitalist. In his "Principles of Economics," the early neo-classical economist, Alfred Marshall, also devoted attention to the entrepreneur. In addition to the risk bearing and management aspects emphasized by Cantillon and Say, Marshall introduced an innovating function of the entrepreneur by emphasizing that the entrepreneur continuously seeks opportunities to minimize costs (Marshall, 1964).

An entrepreneur can fulfill different functions (Fiet, 1996). Other researchers distinguish between the supply of financial capital, innovation, allocation of resources among alternative uses and decision-making as functions of an entrepreneur. They use the following definition of an entrepreneur which encompasses the various functions: "the entrepreneur is someone who specializes in taking responsibility for and making judgmental decisions that affect the location, form, and the use of goods, resources or institutions" (Hébert and Link, 1989, p. 213). Wennekers and Thurik (1999)

Schumpeter defines entrepreneurship from the economics perspective by focusing on the perception of new economic opportunities and the subsequent introduction of new ideas in the market. Entrepreneurs identify opportunities, assemble required resources, implement a practical action plan, and harvest the reward in a timely, flexible way (Sahlman and Stevenson 1991, p. 1). Those in the management world may apply Schumpeter's definition: entrepreneurship is a way of managing that involves pursuing opportunity without regard to the resources currently controlled.

2. Different Approaches of Entrepreneurship

2.1 Entrepreneurship as a mental act

Mises(1949) looks at entrepreneurship from the point of view of the particular outcome which the actor aims at. Action seeks to change the future. Entrepreneurship is the comparison of the forecasted future state of the world which the actor expects to occur in the absence of his specific action with the newly-made and previously-unnoticed or unforeseen forecasted future state of the world which the actor expects to result from his specific action, and the taking of the specific action by the entrepreneur to achieve his preferred future state of the world. Entrepreneurship consists in the creation of a previously-unperceived opportunity for profit and the alertness to that previously untapped opportunity, and then the taking of

action to achieve the opportunity. Mises solved the entrepreneurial task by introducing human action. Besides the agents' attempt to calculate economic problems, they are also alert to opportunities. Once an economic agent recognizes a market opportunity, he acts on it to improve his position. Opportunities are abundant in a situation of disequilibrium and there is the ability of human action to every economic agent.

2.3 Evolution

A lot of issues are addressed that burn down to questioning the phenomenon of innovation endowment (resources, capabilities) competencies (including experience)) and non-individual, environmental factors subsuming the economic situation. The latter gives us the notion of feedback effects. The economic agents' decisions are influenced by economic factors (economic situation) and in return influence economic factors by their actions, e.g. by the decision to establish a firm (Becker, 1993).

2.4 Actors

Entrepreneurial spirit, human capital and venture capital are an entrepreneur's individual endowment which can be used to act towards establishing a business venture. The entrepreneurial component can be thought of as the residual of the agent's (entrepreneur's) individual endowment which withdraws itself from empirical measurability (Mises, 1949).

2.5 Human capital

The human capital approach, constituted by Theodor W. Schultz and elaborated by

Becker (1993) among others allows for an empirical application. It borrows from optimal investment theory by highlighting income distribution. The theoretical concept is basically derived from investment theory in physical capital using marginal analysis, agents decide in a dichotomous way; if they expect the returns of going entrepreneurial will be higher than being an employee, they will decide to become an entrepreneur (Schutz, 1971).

3. Entrepreneurship Theories

3.1 Cantillon's theory (1755)

This theory does not view the entrepreneur as a production factor as such, but an agent that takes on risk and thereby equilibrates supply and demand in the economy. In a neo-classical framework, this function resembles that of the optimizing residual claimant, e.g., the business owner who rents labor and capital from workers and land owners in a world of uncertain demand or production.

3.2 Marshall's approach to entrepreneurship (Marshall, 1949)

Marshall is an equilibrium creating entrepreneur. To Schumpeter, the crucial fact about the modern corporation is that its managers cannot fill the strong social role played by the entrepreneur. (Schumpeter, 1942, p. 134).The Neo-classical theory and thereby the 'Marshallian' analysis tries to explain equilibrium conditions in the markets under the assumptions of perfect knowledge and information, perfect competition (existence of many firms), existence of homogenous goods, and free entry and exit. Marshall's main concerns and at the same time goal is to show that markets clear under the perfect competition assumptions and there are no excess profit opportunities and hence there is no exploitation of labor in production process since everyone earns his marginal contribution to production and national income. Marshall uses small changes (innovations) in the market process by many small competitors and

confusingly indicates that large scale production is essential for economic progress and economic innovation (Schumpeter, 1942).

Marshall tried to create equilibrium by having many players in the market, hence perfect competition and not monopolist market. His theories consider many 'great men' who establish equilibrium in the supply and demand in the market for goods and services. Marshallian analysis gives small contributions from a very large number of modest entrepreneurs' lead economic progress.

3.3 The Social Enterprise School

Entrepreneurship is viewed as "social enterprise" initiative. This refers to any organization, in any sector, that uses earned income strategies to pursue a double bottom line or a triple bottom line, either alone or as part of a mixed revenue stream (as a social sector business) that includes charitable contributions and public sector subsidies." Social Enterprise School centers on earned-income activity by nonprofits, but also includes market based solutions to social problems as well as businesses that generate profit that is donated to a social venture or purpose.

3.4 Schultz Approach (Schultz, 1975)

Argues that entrepreneurship is closely connected to situations of disequilibria and that entrepreneurship is the ability to deal with these situations. In disequilibrium, agents are acting sub-optimally and can reallocate their resources to achieve a higher level of satisfaction. Entrepreneurship is the ability to coordinate this reallocation efficiently, and it follows that agents have different degrees of entrepreneurial ability. Schultz argues that, in disequilibrium, individuals know that opportunities to increase satisfaction exist but the reallocating process requires time. A better allocation of resources can be achieved either by experimenting (trial and error) or by investing in human capital. Schultz (1975) argues that entrepreneurship exists in all aspects of life. Thus, housewives and students are entrepreneurs when reallocating their time for housework or student activities. Furthermore, since entrepreneurship is an ability that can be augmented by investment, Schultz argues that a market for entrepreneurship exists and that it is possible to analyze entrepreneurship within the conventional supply and demand framework (Hebert and Link, 1988).

3.5 Kirzner's "alert" entrepreneur (Kirzner, 1997)

While in Neoclassical analysis (Marshall) the main focus is the conditions necessary to sustain an equilibrium, and Schumpeter's focus was to explain the progress in capitalistic system by using innovator entrepreneur's destructive creation, Kirzner- representing the Neo-Austrian approach to entrepreneurship- focused on answering the question of whether a market economy works and, if it does so, what is the process that leads the economy towards an equilibrium? Kirzner claims that initially the economy is in disequilibrium and the competition among 'alert' entrepreneurs leads to equilibrium. Unlike Neo-classical economists, Kirzner realizes that markets are not always clear, there is no perfectly informed representative agent and for change to occur the entrepreneurs need incentives and this incentives comes from the difference among agents in terms of information and knowledge.

According to Kirzner, an improvement in the technique of production or a shift in preferences leads to change (disequilibrium) in the market where initially there was equilibrium. If there is equilibrium in the market there is nothing for the entrepreneur to do and no exchange and profit opportunities for them since everybody will be able to carry out his initially determined exchange plans. But whenever the change has occurred, some planned activities will not be realized. Kirzner states, there is no room for entrepreneurial

discovery and creativity: the course of market events is foreordained by the data of market situation and for the system to create profit opportunities for entrepreneur there is need for an exogenous shock to the system. Kirzner argues that the economy is in a constant state of disequilibrium due to shocks constantly hitting the economy. Furthermore, economic agents suffer from "utter ignorance"--they simply do not know that additional information is available. In this world, the alert entrepreneur discovers and exploits new business opportunities and eliminates (some of the) "utter ignorance" and thus moves the economy toward equilibrium, which is the state where no more information can be discovered.

Kirzner's analysis of entrepreneurship identifies a disequilibrium that can only be corrected (to equilibrium) by alert entrepreneurs who produce and exchange, but the emphasis is on the exchange opportunities and progress that comes mainly from this part. He postulates that entrepreneurial progress does not depend on a “great man" but it does depend on many great men, many players in the business arena. Profits from an entrepreneurial venture may not usually be very large and in some cases before the break-even point is established, the returns maybe negative. Since there is a lot of uncertainty in the business environment, profits is always a speculative affair by the entrepreneurs and therefore an entrepreneurship is an act of risk taking. Seeing risk and grabbing them may be considered too certain and requires an extra talent of people who can see the extra ordinary things. This scenario may therefore negate Kirzner theory.

3.6 Schumpeter (1999): the discovery and opportunity theory of entrepreneurship (equilibrium destruction theory)

Schumpeter looks at entrepreneurship as innovation and not imitation. Schumpeter's innovator as an economic and social leader does not care much about economic profits and only joy he gets from being an innovator and being a server to his society. Schumpeter’s entrepreneur is an innovator in the entrepreneurship arena. In the Schumpeterian theory, the entrepreneur moves the economy out of the static equilibrium.

Marz (1991), states that "Schumpeter hardly denied that the process of accumulation is the ladder to social power and social prestige; but he thought the very mainspring of the exercise of the entrepreneurial function is the powerful will to assert economic leadership. The joy of carrying through innovations is the primary motive, the acquisition of social power a subsidiary to it. The entrepreneur is not (necessarily) the one who invents new combinations but the one who identifies how these new combinations can be applied in production. This line of reasoning implies that a business owner is considered an entrepreneur only if he is carrying out new combinations." The entrepreneur moves the economic system out of the static equilibrium by creating new products or production methods thereby rendering others obsolete. This is the process of "creative destruction"(creating uncertainty) which Schumpeter saw as the driving force behind economic development (Schumpeter, 1949).

3.7 Knight’s Approach (Knight, 1971)

According to Knight, the main function of the entrepreneur is to assume the uncertainty related to these events, thereby shielding all other stakeholders against the entrepreneur. It could be argued that the innovating role of the entrepreneur was already identified or at least mentioned by Marshall. Knight views an entrepreneur in terms of Risk, Uncertainty and Profit. Knight recognized the distinction between risk and uncertainty. The latter is uninsurable since it relates to unique events, e.g., a shift in consumer taste. According to Knight, the main function of the entrepreneur is to assume the uncertainty related to these events, thereby shielding all other stakeholders against it. i.e., the entrepreneur exercises judgment over

these unique situations, the uncertainty in the economy, and functions as an insurance agent. Knight elaborated his theory in the paper; "Profits and Entrepreneurial Functions" from 1942 (Knight, 1942, 1971).

Knight explicitly argues that entrepreneurs are owners of companies, i.e., residual claimants, and thus receive profits. In order to earn a positive profit, the entrepreneur carries out three tasks (ibid): (1) he initiates useful changes or innovations; (2) he adapts to changes in the economic environment; and (3) he assumes the consequences of uncertainty related to the company. Hence, in this later .It can be argued that the Knightian theory of entrepreneurship is a refinement of the theory by Cantillon (Hebert and Link, 1988). The latter also argued that entrepreneurship is closely connected to risk/uncertainty but did not recognize the important distinction between the two. However, the 'Cantillonian' entrepreneur is also an arbitrageur who ensures that the economy is in equilibrium-a function which is not entrusted.

3.7 Neoclassical Constraints

An economy cannot be static and therefore the state of static equilibrium is unrealistic. Large profits in the entrepreneurial situation are also not easy to come by. The wholesome application of the neoclassical theories is also unrealistic.

3.8 Biological Theory of Entrepreneurship

According to Eagly (1995) several of the academic theories of gender differences offer explanations based on deeply seated cultural or even biological differences between men and women. The practitioner literatures are also particularly likely to emphasize gender differences, construing them as core aspects of what it means to be a man or a woman in the entrepreneurial process. However, other especially role-based theories emphasize that gender differences in behavior should be expected to change along with other social changes. Moreover, even theories of more stable gender differences generally also admit the co-existence of more malleable gender differences (Udry, 2001).

Risk has long been a central concept in the entrepreneurship literature suggested by Adam Smith and J.S. Mill (Schumpeter, 1999) Entrepreneurial activities are frequently assumed to involve risk-taking, especially relative to managerial activities within established corporations. However, research has failed to consistently find risk-taking propensity to be a trait distinguishing entrepreneurs from others (Brockhaus, 1980; Aldrich and Wiedenmeyer, 1993; Gartner, 1989). A more promising recent line of research has suggested that entrepreneurs differ in cognitive style from others and that they may be more likely to make particular cognitive errors (Baron, 1998; Kahneman and Lovallo, 1994; Palich and Bagby, 1995), especially errors of overconfidence (Busenitz and Barney, 1997, Cooper, Dunkelberg & Woo, 1988; Manimala, 1992).

Psychologists have documented moderate and consistent levels of differences between men and women in risk-taking behaviors. An analysis of 150 studies examining such differences found some evidence of a temporal trend toward smaller differences, but still found that men were significantly more likely than women to engage in 14 of 16 types of risky activities. Their results showed that "males took more risks even when it was clear that it was a bad idea to take a risk," and that females "seemed to be disinclined to take risks even in fairly risky situations or when it was a good idea," leading to the speculation that "men and boys would tend to encounter failure or other negative consequences more often than women and girls" and that "women and girls would tend to experience success less often than they should" (Byrnes et al., 1999, p.378).

Psychologists' view explains why women are risk averse and are skeptical into venturing in unfamiliar territories as regards business operations. Risk taking is one the entrepreneurial competencies that can propel a business to growth and innovation that ultimately may make a business enterprise to be successful. Risk averseness may contribute immensely to business failure and collapse. This might explain why women enterprises fail within five years of their establishment/start up.

Powell and Ansic (1997) studied business decision-making and their research suggested that women prefer lower risks than men, especially in financial contexts. Their own experimental study of business students showed that women preferred less financial risk than men across a variety of framing scenarios. These views are consistent with those of Sexton and Bowman-Upton (1990), whose study suggested a lower preference for financial risks among female than among male entrepreneurs. It is also consistent with a perspective that views financial leverage as risky, women are also less likely to apply for a loan and are more likely to use personal assets to finance the enterprise or as collateral (Van Auken, 1999; Sexton and Bowman-Upton, 1990). This situation is similar to the Kenyan situation where women are more comfortable with the merry-go –round funding and micro-financing as opposed to borrowing from commercial banks as this is perceived to be less risky. Practitioner-oriented entrepreneurship writers have frequently commented that women entrepreneurs perceive or evaluate risk differently than men, suggesting that women may be less likely to voluntarily undertake very high-risk business activities (Scollard, 1989, 1995).

It has also been suggested that women may be less willing to undertake activities-such as raising external financing-that put them at risk of losing control of their business to outside stakeholders (Stolze, 1989, 1995). Scollard suggests that small elite groups of women entrepreneurs approach risk-taking in a manner similar to men, but that on average, women entrepreneurs are much less willing to undertake substantial business risks. She suggests that men build businesses of all sizes, but most women build only very small businesses, with a few building large firms: "A chasm divides the two ends of the spectrum. That chasm is the fear of risks (Stolze, 1995: 78)."

3.9 Sociological Theories of Entrepreneurship

Entrepreneurial ventures are clearly social entities from the very beginning, because even solo ventures implicitly involve a choice *not* to share ownership with others in the founding process. How a venture begins and whether others are recruited to join the effort can have lasting consequences for its performance and survival. Enterprises can be formed as a result of teams. Three principles underlying team formation may be distinguished: choice on the basis of homophily, purposive choice, and choice constrained by context or opportunity structure (Ruef 2001). Homophily refers to the tendency of people to associate with others similar to themselves, such as choosing others on the basis of gender or ethnicity. Purposive choice reflects people's tendencies to choose others who possess valuable skills, such as education or experience. Finally, opportunity structures set a context within which the first two principles operate. Founders cannot choose someone whom they have not met or have no way to reach, such as a person who works in another organization or lives in another city (Ruef et al. 2002).

Entrepreneurship has a psychological contract involving a give and take 'transactionionary' relationship in form of teamwork involving two or more individuals who jointly establish a business in which they have an equity (financial) interest. These individuals are present during the pre-start-up phase of the firm, before it actually begins making its goods or services available to the market." By this definition, a person must be involved from the beginning and also must have an equity stake in the venture to be considered a

member of the team. Much of the literature is based on the assumption that teams are a deliberate choice of a lead entrepreneur or set of founders (Kamm et al. 1990: 7).

Bird (1989) postulate that there are psychological benefits derived from relationships between team members Unlike a solo entrepreneur, who must bear the burden of making decisions and facing their consequences with no one else to blame, entrepreneurial teams spread the responsibility across individuals. Having to defend decisions to other individuals also having an equity stake in the venture can make team members more confident in their decisions.

Francis and Sandberg (2000: 6) noted that friendships "may hold teams together and stimulate heroic efforts during difficult times." The Biological perspective of entrepreneurship involves a psychological satisfaction and differences in behaviors in their exhibited by different gender in their endeavors as entrepreneurs.

4. Strategic Orientation and Resource Recombination

Innovative resource recombination has been suggested to be the result of a high alertness to new opportunities (Zahra & Wiklund, 2000). The ability to identify and commit oneself to new opportunities has been seen as key entrepreneurial features of individuals (Casson, 1982; Kirzner 1973; Knight, 1942; Schumpeter, 1934) and firms (Stevenson 1983; Wiklund, 1998; Zahra, 1991). Stevenson (1983) suggests that entrepreneurial firms base their strategies solely on opportunities that exist in the environment, using opportunities as a starting point for developing strategies. They tend to pursue new opportunities without regard to resources currently controlled, identifying the resources necessary to exploit an opportunity after they have assessed a new strategy. Administratively managed companies, on the other hand, tend to look more at the resources they already control when developing strategies. They may be aware of the opportunities in the environment but tend to think in terms of how to best utilize and exploit the resources they already control as efficiently as possible in order to exploit new opportunities.

5. Recent Theories

Recent theories of entrepreneurship build on the works described above. Shane and Venkataraman (2000) state that "entrepreneurship involves the nexus of two phenomena: the presence of lucrative opportunities and the presence of enterprising individuals" (Shane and Venkataraman, 2000). Their theory is inspired by the 'Kirznerian' entrepreneurial discovery process but they emphasize that prior information is needed to complement the new information in the discovery of business opportunities. In this respect, they are similar to Schultz who argues that human capital is an important determinant of entrepreneurial ability.

Casson (2003) tries to encompass both the Schumpeterian and the 'Knightian' definitions by arguing that entrepreneurs are individuals who specialize in decision making. The Schumpeterian entrepreneur applies information about inventions to create new combinations and is ultimately the one who decides if the new combinations are profitable.

5.1 Modern theories of entrepreneurship

New classical growth models do not derive growth and that they do not succeed in bringing population and households into the scene. To break through the development trap, a mathematical concept- 'open set' is used. The approach of the open set unleashes the power for unlimited growth. In addition to

productive entrepreneurs, it also describes the behaviors of those unproductive and destructive ones. These latter ones are responsible for many financial crises, including the current mortgage-back crisis. (Hak Choi, Nov.2008).

The theory of entrepreneurship and the economic theory of the firm thus have much to learn from each other. A good theory of entrepreneurship should explain the conditions under which entrepreneurship takes place: the concept of entrepreneurship as judgment provides the clearest link between entrepreneurship, asset ownership, and economic organization. Similarly, the economic theory of the firm can be improved substantially by taking seriously the essential heterogeneity of capital goods and the subsequent need for entrepreneurial experimentation.

5.2 Management Economic Theories

Management practices can facilitate such resource recombinations. Top management can design several aspects of the firm in more or less entrepreneurial ways (Brown & Eisenhardt, 1998; Eisenhardt & Martin, 2000). A framework can be developed that addresses the degree of entrepreneurship in firm's management practices along several different dimensions. A company's management practices range along a spectrum from highly entrepreneurial to highly administrative. A "promoter" characterizes the entrepreneurial side of the spectrum and a "trustee" characterizes the administrative side (Stevenson, 1983; Stevenson and Gumpert, 1985; Stevenson and Jarillo, 1986; 1990). The promoter's sole intent is to pursue and exploit opportunities regardless of resources currently controlled, while the trustee aims to efficiently use the resources currently controlled. Stevenson's original description of entrepreneurial management consists of six different dimensions: Strategic Orientation, Commitment to Opportunity, and Commitment to Resources, Control of Resources, Management Structure and Reward Philosophy (Brown et al., 2001).

5.3 The Entrepreneur in Economic Modeling

The economic models focused on the Knightian ideas of risks bearing, individuals are modeled as being heterogeneous with respect to risk aversion (Kanbur, 1979). Other discourse assumes that individuals have identical abilities, but differ in their perception of the risks involved in owning a business; the overly optimistic individuals become entrepreneurs (Meza and Southey, 1996). Entrepreneurial skills are a sort of human capital that can be acquired through practices such as education. While many of the general theories of entrepreneurship from the previous sections focus on a role of the entrepreneur that goes beyond that of business owner or an input in the static production function, most mathematical models of entrepreneurship treat it exactly as this. The endogenous Growth theory models supports Schumpeterian models that the reward and inducement to innovations and risk taking in entrepreneurial activities is profit (Aghion and Howitt, 1997).

6. Application of Entrepreneurship to Developing Countries

This section critically analyses the theories with particular reference to the theories application to the Kenyan entrepreneurships.

6.1 Similarities of some theories and their application to Kenya's context

The interest of any developing nation today is surely to maximize entrepreneurship among its people. Defenders of the market economy tend to point to certain nations which they believe represent a success-story for free markets. They point to places like Hong Kong, Switzerland, Taiwan, South Korea, Japan,

Singapore, and the United States etc. The odd thing about this list is that many on it have a system that departs a long way from free-market capitalism. Some are or have been highly authoritarian states with pervasive central planning (e.g. Japan, Taiwan and Singapore). Such states certainly are among the world's economic success stories of recent times but free-market capitalism is scarcely what they have in common. What they do have in common, however, is sufficient freedom to offer the prospect of relatively huge profit to entrepreneurial individuals. They also provide a climate (including real concessions) wherein business optimism can reach even new heights (Gilder, 1980).

The similarities between Kirzner's and Schultz' theories on one hand and Schumpeter's on the other also appear substantial, especially with respect to the tasks performed by the entrepreneur. All three theories recognize that the entrepreneur identifies or discovers business opportunities. While Schultz defines opportunities generally, these are characterized more narrowly by Schumpeter as innovations, which move the economy away from equilibrium. Under Kirzner's and Schultz' disequilibrium assumption, opportunities arise when information is revealed. Individuals react to these opportunities by changing behavior and acting differently. This process can be compared to the Schumpeterian innovative process that also involves doing things differently. (Kirzner, 1985, 1997).

Kenya's entrepreneurs also exploit available opportunities, are risk takers and innovators to some extent although Schumpeter (1999) and Drucker (1985) would classify them as creative imitators and imitators respectively.

Kenya being free market capitalism, it can only borrow the concept of huge profits as an antecedent to entrepreneurial innovation and start up of entrepreneurial venture. In such cases what commonly happens is that the huge profits achieved are ploughed back into the business as capital for expansion. The business grows, becomes bureaucratized, loses its initial advantage as competitors copy its methods and ends up again as a very ordinary enterprise with very ordinary profits. Even so, of course, the generation and deployment of capital entailed in this process is very beneficial to the national economy concerned. Enterprises are delicate adventures and without the support of the government new enterprises cannot take off. Markets are unstable and unpredictable and the government should be perceived to be business supportive rather one that stifle business. The Kenyan government should provide an enabling environment to entrepreneurs with a view to inculcating entrepreneurial culture in Kenya. This can be done through review of the education curriculum, giving subsidies to the entrepreneurs, establishing pro business policies and finally initiate mechanisms that are credit borrowing friendly in the women fund and the youth fund to make it more accessible to the intended users.

6.2 Application of the theories to Kenya's entrepreneurship

Theories of entrepreneurship are mainly designed to answer the questions: (i) how does a market system work? (ii) What is the relationship between entrepreneurship and profit? Marshallian theory which indicates the existence of perfect information and perfect competition assumptions fails to answer both questions accurately because Kenya's economy is not in a state of static equilibrium, it keeps on changing, hence a dynamic orientation. The Marshallian model indicates the non-existence of excess profits and does not distinguish entrepreneurship from routine production process. The Schumpeterian analysis is the closest to the reality regarding the work of Kenya's capitalistic market system and creation of profit. He also gives great importance to individual innovations. Kenyans being individualistic people, Schumpeter's' theory fits well into the country's economic context.

Although many economists accept the idea that entrepreneurs are innovators, it can be difficult to apply this theory of entrepreneurship to less developed countries (LDCs). Often in LDCs, entrepreneurs are not truly innovators in the traditional sense of the word. For example, entrepreneurs in LDCs rarely produce brand new products; rather, they imitate the products and production processes that have been invented elsewhere in the world (typically in developed countries). This process, which occurs in developed countries as well, is called "creative imitation" (Drucker, 1985).

Drucker's term appears initially paradoxical; however, it is quite descriptive of the process of innovation that actually occurs in LDCs. Creative imitation takes place when the imitators better understand how an innovation can be applied, used, or sold in their particular market niche (namely their own countries) than do the people who actually created or discovered the original innovation. Thus, the innovation process in LDCs is often that of imitating and adapting, instead of the traditional notion of new product or process discovery and development (Hak choi, 2008).

7. Conclusion

Throughout the evolution of entrepreneurship theory, different scholars have posited different characteristics that they believe are common among most entrepreneurs. By combining the above disparate theories, a generalized set of entrepreneurship qualities can be developed. In general, entrepreneurs are risk-bearers, coordinators and organizers, gap-fillers, leaders, and innovators or creative imitators. Although this list of characteristics is by no means fully comprehensive, it can help explain why some people become entrepreneurs while others do not. The theories of entrepreneurships attempts to link entrepreneurship and profits. However, researchers like Schumpeter and Marshall who view an entrepreneur as an innovator fail to link the process of innovation and entrepreneurship in a situation whereby a new product/process/service has been introduced and profit is not realized.

The gurus of innovation argue that an experiment may fail but one has to keep on trying until success is realized. The theorists in entrepreneurship fail to classify this type of an innovator who experiments and may one day succeed in making profits because entrepreneurship is about commitment, patience and risk taking. The models also fail to take cognizance of the break-even concept- that not all businesses realize profits immediately at start-up points. Some take time before the break-even point is met and final profits realized. The question therefore asked is "when should we start categorizing an innovator as an entrepreneur?" While it is recognized that information grants an entrepreneur the power to seize a profitable opportunity from the theories of Schultz, Shane and Venkataranam, the models fail to outline mechanisms of accessing this information and its final implementation to the process of yielding profits. Yet still, information 'per se' can not yield a business venture. A case in point is the Kenyan university or polytechnic graduate who looks for formal employment but has a wealth of knowledge in entrepreneurship, but due to cultural practices, government policies, banking policies and the stereotype on entrepreneurships is unable to tap the information he/she has to commercialize the theories and venture into entrepreneurial practice.

The Schumpeterian analysis is the closest to the Kenya situation. Kenya being a free market economy whose citizens are very individualistic, they can borrow a lot from Schumpeter's approach, although this approach over emphasizes on the individualistic aspect and ignores the existence and success of family businesses in Kenya which reveals that generations, previous failures, team work can be an anecdote to innovation Schumpeter's approach also ignores the existence of culture and biological influence to start

up and success of innovation espoused in the biological, social and sociological schools. Research has revealed that innovation culture is a prerequisite to entrepreneurship and innovation is part of risk taking. Risk averters can never be entrepreneurs but optimistic risk bearers make it to be innovators. This is not explained by Schumpeter.

Knightian and Kirzner entrepreneurships may be applied after business start-up, but what happens before the business start-up is not mentioned. Say's theory exists before and after business start-up, entrepreneur as the manager. The Knightian entrepreneur is an insurance agent, he equilibrates when there is an economic shock like what happened in the year 2008 to 2009 due to existence of global economic meltdown through providing goods and services needed. Kirzner moves the economy into equilibrium that is non- existent. Economies are never static and therefore equilibrium point can never be attained. While the modern theories try to capture the power of unlimited growth by using mathematical models to explain entrepreneurship behavior; the study of organizational behavior reveals that human behavior is complex and unpredictable that cannot be explained by a model which tends to simplify and omit certain aspects of behavior such as emotions which may not fit well in a model. If Kenya's entrepreneurs can borrow from some theories and development of entrepreneurship in the developed countries through improving on the various policy areas and their entrepreneurial culture then Kenya can be an economic hub not only in the East African region but also in Africa.

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CHAPTER 2:

DEVELOPMENT IDEAS AND BUSINESS OPPORTUNITIES

Introduction

Essentially, entrepreneurship needs ideas to start and grow their entrepreneurial ventures. generating ideas in an innovative and creative process. Sometimes, the most difficult aspect of starting a business us coming up with a business idea. Even if you have a general business idea in mind, it usually needs to go through fine-tuning processes. Fruitful ideas often occur at points where your skill set, your hobbies and interests, and your social networks interests. In other words, the best ideas for a new business are likely to come from activities and people that you already know well.

A Good Business Idea

A business idea is a concept that can be used to make money. Usually it centres on a product or service that be offered for money. An idea is the first milestone in the process of founding a business. Every successful business started as someone’s idea.

Although, a business idea has the potential to make money, it has no commercial value initially. Most business ideas exist in abstract form; usually in the mind of its creator or investor and not all business ideas, not matter how brilliant they may seem, would end up being profitable. To find out about an idea’s chances in the market and check its innovative content and feasibility, you need to conduct a plausibility. A successful business idea must meet the following three conditions:

- It must offer benefit to the customer by solving a problem or fulfilling a need. Customers buy products and services for just one reason; to satisfy a need. So, if your business idea cannot satisfy customers, it won’t be successful. Every successful business idea must have a unique selling proposition.
- It must have a market that is willing to accept it. A promising business idea must offer a product or service that would be accepted by a large market. It must also have feasible arrangements for catering to that large market as well as unique values that differentiates it from the competition.
- It must have a mechanism for making revenue. A successful business idea must show how much money can be earned from it and how money will be earned.

BUSINESS OPPORTUNITY

A business opportunity on the other hand is a proven concept that generates on-going income in other words, a business opportunity is a business idea that has been researched upon, refined and packaged into a promising venture that is ready to launch.

While multiple business ideas may strike you on a daily basis, only few of them will be profitable in the long run based on market research and feasibility study conducted. These few are the real business opportunities. An opportunity is regarded as one after it has been found to meet the following criteria.

- It must have high gross margins
- It must have the potential to reach break, even cash flow within 12 months – 36 months.
- The start-up capital investment must be realistic and within the range of what you can provide.
- You must have a strength and ability needed to drive the business to success.
- Your level of enthusiasm for the business must be very high.
- It must have the potential for residual income
- It must have the potential to keep on improving with time.
- It must have a low level of liability risk.

Sources of Business Idea

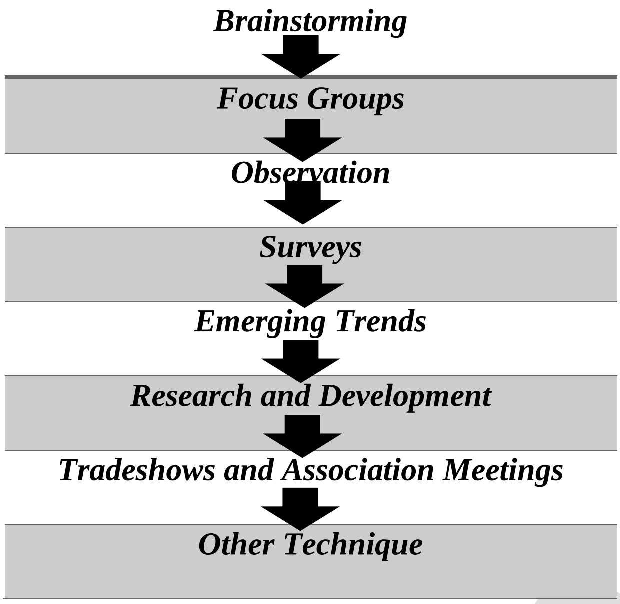
A good business idea can be sourced through the following ways:

- Develop ideas as extension of an existing product (i.e. adding camera and song features to a mobile phone).
- Create an improved service (fast delivery services).
- Market a product at a lower price (via e-commerce e.g. amazon.com)
- Add value to an existing product or service (i.e. reputable brand name or delivery service)
- Altering their quality or quantity.
- Introducing automation, simplification, convenience (i.e. smart product)
- Personal interests or hobbies, many people find ways to turn their hobbies into successful businesses.
- Work experiences, skills, abilities, a business, related to the work you do.
- A familiar or unfamiliar product or service.
- Spot the latest trends.
- Changing the delivery method, packaging, unit size or shape.

Technique for Business Idea Generation

In general, entrepreneurs identify more ideas than opportunities because many ideas are typically generated to find the best way to capitalize on an opportunity.

Several techniques can be used to stimulate and facilitate the generation of new ideas for products services and businesses. Figure 1 presents the techniques of idea generation.



- **Brainstorming -** this is a process in which a small group of people interact with very little structure, with the goal of producing a large quantity of innovative and imaginative ideas. The goal is to create an open, uninhabited atmosphere that allows members of the group to freewheel ideas. Normally, the leader of the group asks the participants to share their ideas. As group members interact, each idea sparks the thinking of others, and the spawning of ideas becomes contagious.
- **Focus Groups** - these are group of individuals who provide information using a structured format. Normally, a moderator will lead a group of people through an open, in depth discussion. The group members will form comments in open-end in-depth discussion for a new product area that can result in market penetration. This technique is an excellent source for screening ideas and concept.
- **Observation** - a method that can be used to describe a person or group of people's behaviour by probing: (i) What do people/organization buy? (ii) What do they want and cannot buy? (iii) What do they buy and don't like? (iv) Where do they buy, when and how? (v) Why do they buy? (vi) What are they buying more of? (vii) What else might they need but cannot get?
- **Surveys** - this method is proposed by Zikmund (1994). This process involves the gathering of data based on communication with a representative sample of individuals. This research technique requires asking people who are called respondents for information either verbally or by using written questions. Questionnaires or interviews are utilized to collect data on the telephone or face-to-face interview.
- **Emerging Trends** - the example is based in the population within your area may be getting older and creating demand for new products and services.
- **Research and Development** - research is a planned activity aimed at discovering new knowledge, with the hope of developing new or improved products and services.

Researching new methods, skills and techniques enable entrepreneurs to enhance their performance and ability to deliver better products and services.

- **Tradeshows and Association Meetings** - This can be an excellent way to examine the products of many potential competitors, uncover product trends and identify potential products.
- **Other Technique** - this can be achieved by reading relevant trade magazines and browsing through trade directories. These may include local, national and foreign publications.

TASKS IN DEVELOPING BUSINESS IDEAS

For a start, you could pursue the following tasks:

- **Identify the value proposition of your business idea:** This is to identify and briefly describe the unique value that you may be able to bring to your customers that your competitors cannot.
- **Discuss Products/Services with Prospective Customers:** Would they buy from you, at what price, with what frequency etc.? Why would they prefer your products to the competitors? Find out what they really think there is a danger that people will tell you what they think you would like to hear. Listen carefully to what is being said; watch carefully for qualifications, hesitations etc. and don't brow beat respondents with your ideas, you are looking for their views.
- **Assess the market using in-depth market research:** (i) how is market segmented (by price, location, quality, channel etc? (ii) What segments are your targeting? (iii) How large are these segments (in terms of volume) and how are they changing? (iv) What are the price make up/structures? (v) What market share might be available to you bearing in mind your likely prices, location, breath of distribution, levels of promotion etc.?
- **Analyze your competitor:** (i) Who are they and how do they operate? (ii) Are they successful and why? (iii) How would they react to your arrival? (iv) What makes you think that you could beat the competition? (v) At who expense will you gain sales?
- **Consider possible start-up strategies:** (i) Will you be able to work from him or part-time? (ii) Will you seek a franchise or set up an in-store concession? (iii) Will you start by buying in finished products for resale as a precursor to manufacturing? (iv) Will you contract out manufacturing? (v) Will you buy an existing businesses or form an alliance? (vi) Could you lease or hire equipment, premises etc. rather than buy? (vii) How will you stimulate sales?

CHAPTER 3:

ENTREPRENEURIAL/BUSINESS ENVIRONMENT

Introduction

The success of every business depends on adapting itself to the environment within which it functions. For example, when there is a change in the government policies, the business, has to make the necessary changes to adapt it to the new policies. Similarly, a change in the technology may render the existing products obsolete, as we have seen that the introduction of computer has replaced the typewriters, the colour television has made the black and white television out of fashion. Again a change in the fashion or customers' state may shift the demand in the market for a particular product, e.g. the demand for jeans reduced the sale of other traditional wear. All these aspects are external factors that are beyond the control of the business. So, the business units must have to adapt themselves to these changes in order to survive and succeed in business.

Hence, it is very necessary to have a clear understanding of the concept of business environment and the nature of its various components.

Meaning of business environment

Business environment may be defined as the total surroundings, which have a direct or indirect bearing on the functioning of business. It may also be defined as the set of external and internal factors which are dynamic in nature and affects the business decisions of a firm.

In modern circumstance, the business operates in a turbulent environment. Internal and external factors affect the business. Internal factors include the vision and mission as well as employees of the organization and other internal mechanism of the organization. On the other hand, external factors are the ones which lie beyond the control of business and impact the organization immensely in operations. External environment relates with the outsiders such as suppliers, customers, creditors, government, etc. For a business organization to achieve success, it is important to go hand in hand, both with internal as well as external factors.

Features of business environment

Understanding environment within which the business is to operate is very important for successful business.

Some of the features of business environment are as follows:

- **Specific and General Forces:** Business environment includes both specific and general forces. Specific forces (such as investor, customers and suppliers) affect individual entreprises directly and immediately in their day-to-day working. General forces (such as social, political, legal and technological conditions) have impact on all business enterprises and thus may affect an individual firm indirectly only.
- **Dynamic Nature:** Business environment is dynamic in nature. It keeps on changing whether in terms of technological improvement, shifts in consumer preferences or entry of new competition in the market.
- **Uncertainty:** Business environment is largely as it is very difficult to predict future happenings, especially when environment changes are taking place too frequently as in the case of information technology or fashion industries.
- **Relativity:** Business environment is a relative concept since it differs from country to country and even region to region. Political conditions in the USA, for instance, differ from those in China or Pakistan. Similarly, demand for *saree* may be fairly high in India whereas it may be almost non-existent in France.
- **Multifaceted:** Business environment changes are frequent and depend on knowledge and existence of business person. Changes may be viewed differently by different individuals. It may be an opportunity for some or a threat for others.

Importance of business environment to entrepreneur

There is a close and continuous interaction between the business and its environment. This interaction helps in strengthening the business firm and using its resources more effectively. As stated above, the business environment is multifaceted, uncertain, and dynamic in nature which has a far-reaching impact on the survival and growth of the business. To be more specific, proper understanding of various aspects of business environment helps the business in the following ways:

- **First Mover Advantage:** Early deification of opportunities helps enterprise to be the first to exploit them instead of losing them to competitors.
- **Identification of Threats:** Identification of possible threats helps in taking corrective and improving measures to survive the competition. For instance; Nigerian if a firm finds that a foreign multinational is entering the Nigerian market, it can meet the threat by adopting measures like, by improving the quality of the product, reducing cost of the production engaging in aggressive advertising, and so on.
- **Coping with Rapid Changes:** All types of enterprises are facing increasingly dynamic environment. In order to effectively cope with these significant changes, firms must understand and examine the environment and develop suitable course of action.

- **Improving Performance:** The enterprises that continuously monitor their environment and adopt suitable business practices are the ones which not only improve their present performance but also continue to success in the market for a longer period.
- **Giving Direction for Growth:** The interaction with the environment leads to opening up new frontiers of growth for the business firms. It enables the business to identify the areas for growth and expansion of their activities.

Types of business environment

There are mainly two types of business environment, internal and external. A business has absolute control in the internal environment, whereas it has no control on the external environment. It is therefore, required by business, to modify their internal environment on the basis of pressures from external.

The internal environment has received considerable attention by firms. Internal environment contains the owner of the business, the shareholders, the managing director, the non-managers, employees, the customers, the infrastructure of the business organizations, and the culture of the organization. It includes 6 Ms i.e.

- Man (Human resource)
- Money (Financial factors)
- Marketing resources
- Machinery (Physical assets)
- Management Structure and Nature
- Miscellaneous Factors (Research and Development, Company Image and Brand Equity, Value System, Competitive Advantage).

Usually, these factors are within the control of business. Business can make changes in these factors according to the change in the functioning of enterprise.

Man (Human Resource)

The human resource is the important factor for any organization as it contributes to the strength and weakness of any organization. The human resource in any organization must have characteristics like skills, quality, high morale, commitment towards the work, attitude, etc. The involvement and initiative of the people in an organization at different levels may vary from organization to organization. The organizational culture and over all environment have bearing on them. It is internal factor and an organization has absolute control on changing this factor as per the needs the enterprises and other forces.

Money (Financial Factors)

Factors like financial policies, financial positions and capital structure are another important internal factor which has a substantial impact on business functioning and performance. Financial facilities are required to start and operate the organization. The sources of finance

are share capital, banking, and other financial institutions and unorganized capital markets. The recent changes in the Indian capital market indicate the availability of plenty of finance, both from the financial institutions as well as from the general public. The availability of finance coupled with various incentives attached is a facilitating internal factor.

Marketing Resources

Resources like the organization for marketing, quality of the marketing men, brand equity and distribution network have direct impact on marketing efficiency of the company and thereby, affecting the decision making component of the management. This, in lieu has great impact on the internal environment of business.

Machinery (Physical Assets)

Facilities like production capacity, technology are among the factors which influences the competitiveness of the firm. The proper acquisition and working of the assets is indeed essential for efficient working of the organization. An organization invests money in plant and machinery because it expects a positive rate of return over cost in future.

Management Structure and Nature

The structure of the organization also influences the business decisions. Being internal forces, the organizational structure like the composition of board of directors influences the decisions of business. The structure and style of the organization directly has an impact on the decision making process of a firm. These needs to be appropriately managed for smooth functioning and operations. The strategies available to an organization are determined by its structure. Different strategies are better suited to different environments.

Miscellaneous Factors

The other internal factors that contribute to the business environment are as follows:

- Research and Development,
- Company Image and Brand Equity,
- Value System, and
- Competitive Advantage.

CHAPTER 4:

1. AGENCIES THAT SUPPORT BUSINESS IN NIGERIA

Entrepreneurship has no to do with identifying gaps and business opportunities in one's immediate environment and bringing together the necessary resources in an innovative way to fill those gaps, bearing the risks involved and in the process gaining personal rewards. Information is a veritable source of entrepreneurship development, therefore entrepreneurs need to be regularly reminded of the basic functional areas regarding their enterprises so as to be up to date and be efficient and enhance the performance of entrepreneurs in Nigeria.

Manufacturer Association of Nigeria (MAN) was established as a national industrial association in 1971 to encourage the patronage of Nigeria made products by Nigerians and foreigners; encourage high standard of quality for member's products through the collation and the provision of advice and; to provide avenue for manufacturers to formulate and influence general policy, in regard to industrial matters.

National Association of Small and Medium Enterprises (NASME) is a private sector organization with members drawn from small and medium scale enterprise. It is devoted to networking capacity building, policy advocacy and promotion of performance of its member's firms and Analysis and publication from NAMSE on business environment, competitive enlighten and policy making are useful to Nigeria entrepreneurs.

Nigerian Association of Chambers of Commerce, Industry, Mines, and Agriculture (NACCIMA) is a voluntary association of manufacturers, merchants, mines, farmers, industrialists, trade groups who network together for the principal objectives of promoting, protecting and improving business environment for micro and macro benefits.

Nigerian Export Promotion Council (NEPC) was established in 1976 to minimize the bureaucratic bottlenecks and increase autonomy in dealing with members of the organized private sector. Its goal and mission are to make the non-oil export sector a significant contributor to Nigeria's GDP and to facilitate opportunities for exporters promote sustainable economic development.

Raw Materials Research and Development Council (RMRDC) is vested with the mandate to promote the development and utilization of Nigeria's industrial raw materials. It is the nation's focal point for the development and utilization of the nation's vast industrial raw materials. The council is also meant to encourage industries to substitute local raw materials for imported ones.

National Poverty Eradication Programme (NAPEP) was established in 2001 by the federal government aimed at ensuring poverty reduction in the country. It coordinates and oversees various other institutions, including ministries, and develops plans and guidelines for them to vocational trades, to support internship, micro-credit, and create employment in the automobile industry.

Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) was established to promote the development of micro, small and medium Enterprises (MSMEs) in the country. Its mission is to facilitate the access of micro, small and medium entrepreneurs/investors to all resources required for their development. Its vision is to establish a structured and efficient micro, small and medium enterprises sector that will enhance sustainable development in Nigeria. Stimulating, Monitoring and Coordinating the development of the MSMEs sector; Initiating and articulating policy ideas for micro, small and medium enterprises growth and development; Promoting and facilitating development programmes, instruments and support services to accelerate the development and modernization of MSME operations; serving as vanguard for rural industrialization, poverty reduction and job creation.

2. ENTREPRENEURSHIP SUPPORTIVE AGENCIES IN NIGERIA; AGENCIES THAT SUPPORT BUSINESSES IN NIGERIA

Manufacturer Association of Nigeria (MAN)

MAN was formed as a company limited by guarantee to perform important roles on behalf of its members. It was established as a national industrial association in 1971.

The activities of MAN are focused on sectoral group interactions.

The List of sectoral groups includes:

1. Food, Beverages, and Tobacco.
2. Chemical and pharmaceutical
3. Domestic and industrial plastic, rubber and foam.
4. Basic metal, iron and steel, and fabricated metal products.
5. Pupl, paper and paper products, printing and publishing.
6. Electrical and electronics.
7. Textiles, weaving, apparel, carpet, leather and leather footwear.
8. Wood and wood products including furniture.
9. Non-metallic mineral products.
10. Motor vehicle and miscellaneous assembly.
11. MAN export group.

FUNCTIONS OF MANUFACTURER ASSOCIATION OF NIGERIA (MAN)

This industrial association performs the following functions among many:

1. It encourage the patronage of Nigerian made products by Nigerian and foreigners.
2. It encourages a high standard of quality for member's products through the collation and the provision of advice.
3. It provides for manufacturers venue for formulating and influencing general policy, in regard to industrial matters.

NATIONAL ASSOCIATION OF SMALL AND MEDIUM ENTREPRISES (NASME)

It is a private sector organization in Nigeria. Its membership is drawn from small and medium scale enterprises. It is devoted networking capacity building, policy advocacy and promotion of the performance of its members' firms and operators. NASME works to improve the welfare of its members and make input in industrial policy.

Analysis and publicity from NAMSE on the business environment, competitive enlightment and policymaking are useful to Nigerian entrepreneurs.

Member firms of NASME face the daily challenge of the unsupported macroeconomic environment.

NIGERIAN ASSOCIATION OF CHAMBERS OF COMMERCE, INDUSTRY, MINES AND AGRICULTURE (NACCIMA)

This body is a voluntary association of manufactures, merchants, miners, farmers, financiers, industrialists, trade groups who network together for the principal objectives of promoting, protecting and improving the business environment for micro and macro benefits.

The first Chamber of Commerce in Nigeria, the Lagos Chamber of Commerce was founded in 1888 while NACCIMA, the umbrella organization for all chambers of commerce in Nigeria was established in 1960.

ROLES OF NACCIMA

It contributes to the socio-politico-economic development of Nigeria.

- It provides a network of national and international business contacts and opportunities.
- It promotes and develops all matters affecting commerce, industry, mines and agriculture and other forms of private economic activities.
- It considers legislative and other measures affecting commerce, industry, mines and agriculture in Nigeria.

SMALL AND MEDIUM ENTERPRISES DEVELOPMENT OF NIGERIA (SMEDAN)

This body was established to promote the development of micro, small and medium enterprises (MSME). Its mission is to facilitate the access of micro, small and medium entrepreneurs/investors to all resources required for their development. Its vision it to establish a structured and efficient micro, small and medium enterprises sector that will enhance sustainable development of Nigeria.

It SMEDAN functions optimally it will be one of the most veritable channels to combat poverty.

Like any other agency of its kind, harsh economic condition coupled with week government institutions does not help its performance.

Summary of SMEDAN Functions

- Stimulating, Monitoring and Coordinating the development of the MSMEs sector,
- Initiating and articulating policy ideas for micro, small and medium enterprise growth and development,
- Promoting and facilitating development programs, instruments and support services to accelerate the development and modernization of MSME operation.
- Serving as a vanguard for rural industrialization, poverty reduction, job creation and enhance sustainable livelihoods.
- Linking SMEs to internal and external sources of finance, appropriate technology, technical skills as well as livelihoods.
- Linking SMEs to internal and external sources of finance, appropriate technology, technical skills as well as to large enterprises.
- Promoting information and providing access to industrial infrastructure such as layout, incubators, industrial parks.
- Intermediating between MSMEs and the Government. SMEDAN is the voice of the MSMEs.
- Working in concert with other institution in both public and private sectors to create a good enabling environment of businesses in general, and MSME activities in particular.

NATIONAL POVERTY ERADICATION PROGRAMME (NAPEP)

National Poverty Eradication Programme (NAPEP) is a 2001 programme by the Nigerian government aiming at poverty reduction, in particular, reduction of absolute poverty. It was designed to replace the Poverty Alleviation Programme.

NAPEP and NAPEC coordinate and oversee various other institutions, including ministries, and develop plans and guidelines for them to follow with regards to poverty reduction.

NAPEP goals include training youths in vocational trades, to support internship, to support micro-credit, create employment in the automobile industry, and help VVF patients.

The program is seen as an improvement over the previous Nigerian government poverty-reduction programs. According to a 2008 analysis, the program has been able to train 130,000 youths and engaged 216,000 people, but most of the beneficiaries were non-poor.

This program aimed at poverty eradication and empowerment. There are four major intervention schemes in Nigeria's current poverty eradication program.

One is the **Youth Empowerment Scheme (YES)**, it is target at youth. YES is more than employment scheme as it is aimed at the provision of training opportunities, skills acquisition, employment opportunities, wealth creation through enhanced income generation, improved social status and rural development.

It is primarily aimed at the economic empowerment of Nigerian youths. Its impact is still below expectation.

MICRO FINANCE INSTITUTIONS (MFIS)

These Financial Institutions are set up to meet the credit needs of the rural and urban poor, artisans, farmers, petty traders, vulcanizers, etc. CBN gave a directive to all erstwhile community Banks to convert to MFIs by recapitalizing to meet the new guidelines for the setting up of MFIs. One of the challenges microfinance face in Nigeria is that they do not reach to great number of poor Nigerians. The effect of not appropriately addressing this situation would further accentuate poverty and slow down economic growth and development.

Small and Medium Industries Equity Investment Scheme (SMIEIS)

The scheme requires all banks in Nigeria to set aside ten (10) percent of their Profit After Tax (PAT) for equity investment and promotion of small and medium enterprises.

The 10% of the Profit After Tax (PAT) to be set aside annually shall be invested in small and medium enterprise as the banking industry's contribution to the Federal Governments' efforts towards stimulating economic growth, developing local technology and generating employment.

Activities covered by the scheme include all legal business activity with exception of trading/merchandising and financial services. Beneficiaries are expected to comply with guidelines of the scheme and ensure prudent utilization of fund. Like its other counterparts, its performance is still below expectation.

CHAPTER 5:

FORMS OF ENTREPRENEURSHIP

i. Sole proprietor
ii. Partnership
iii. Joint Stock company
iv. Cooperative society corporations

Sole Proprietor

Sole proprietor is a common type of business that is own control (manage) by single person.

Features of a Sole Trader Business

1. Simple and easy to form
2. Individual owner
3. Manager and Controller
4. Responsible for his own liabilities
5. Less legal formalities
6. Decision-Making Power
7. Easy to Dissolve
8. Sources of Capital
9. Flexibility in Operations
10. Build relations with customers

1. Simple and easy to form

Easy to form is the first features of a sole trader it means an establishing a sole business for a particular individual is an easy thing to do, which it manages by itself and all the entire capital itself is invested. At the time of formation, there are various valid factors are required, like:

a. Discover the idea about the business
b. Find a particular place
c. A limited amount of capital required
d. Minimum legal formalities required

After the time of formation, the ownership of the business is transfer to the sole trader and through which the entrepreneur will start controlling everything in his business.

2. Individual owner

Individuality is the second features of a sole trader and it means that only one or single person can be an owner in any sole proprietorship business because if the two or more owners are in a business, then they will be converted into a business partnership firm. It is not that in the sole proprietorship business, there can't be two or more persons, but they are treated as an employee, workers, and helpers. In the sole trader business, an individual has all the rights of authorities and responsibilities, due to which he can take the decisions very well and implement very well in his business.

3. Manager and Controller

Features of a Sole Trader: Manager and Controller are the third features of sole trader and it means a sole proprietorship is a form of business that has an individual owner who is accountable for making and managing the decisions for the sole business company.

In this business, it has one sole owner is also known as manager and controller. He has got perfect responsibility and authority to plan for the business and implement them without any interference of any person.

This feature is a very important feature for the benefit of a sole trader because through this he/she can develop their working attitude, potential, capacity, efficiency, supervision ability, and so on.

Note: Features of a sole trader are also known as features of a sole proprietorship.

4. Responsible for his own liabilities

This is the fourth features of s ole trader and it means that there is only one sole proprietor or business owner in the sole proprietorship business, due to which all the liabilities have to be handled by him.

In this business, the nature of the liability is unlimited. If a sole trader has any kind of loss or liabilities in business then he is paid money or creditors by selling his personal property like land, building and machinery (if he has).

The huge amount of liability is not good for the sole proprietor because this immerse his/her business and him also. So, that's the reason, unlimited liability is also treated as a disadvantage factor for our sole proprietorship business.

5. Less legal formalities

Less legal formalities are the fifth features of sole trader and it means that, in the sole proprietorship business, the legal documents are necessary but in terms of less.

At the time formation, there is no legal documents are required, similarly, at the time of dissolution, there are no legal documents are required. In any case, a couple of valid restrictions night be there in setting up a particular type of business. Like:

To open a restaurant, the sole trader needs a legal license from the municipality office, and to open a medical shop, the sole trader must have a legal license from the government (state or central).

6. Decision-Making Power

Decision making is the sixth features of a sole trader and it means that an individual owner of the sole proprietor business can take all the legal decisions about the business because he is the owner and manager of his business. He/she has the responsibility and authority to take decisions and implement it on the business for the growth or success.

7. Easy to Dissolve

Easy dissolution is the seventh features of a sole trader and it means that the sole proprietorship business has no legal documents regarding the business. In this case, an only business owner can dissolve his business. So, that's the reason, the dissolution of the sole proprietorship firm is very easy.

8. Sources of Capital

This is the eighth feature of sole trader and it means the capital is the initial backbone of the business because it helps to decide the size and volume capacity of the company. In the sole proprietorship business, there are various ways of acquiring the funds in the business. Those are:-

- Borrowing loans from family and friends
- Borrowing loans from financial institutions.

9. Flexibility in Operations

This is the ninth features of a sole trader and it means, the sole proprietor is the best business for an individual person because, in this business, he will be the owner and manager and also can take relevant decisions related to the business.

If a sole trader has a related power and authority from his business, then he will be able to run his business according to his mind so that he will see simplicity and flexibility in his work. So, that is the reason, flexibility is also the main advantage or feature of the business.

10. Build relations with customers

This is the tenth features of a sole trader and it means that the sole proprietor is always trying to keep a good relationship among the customers and the individuals. The perfect relation is

the source of happiness because it creates the coordination chain among the sole trader and their targeted customers. Through good relations, the reach of a sole proprietorship business is increasing day by day.

PARTNERSHIP

Another option for organizing a business is to form a partnership. A partnership is a legal form of business with two or more owners. Partners legally share a business assets, liabilities, and profits according to the terms of a partnership agreement. The law does not require a written partnership agreement, also known as the articles of partnership, but it is wise to work with an attorney to develop an agreement that documents the status, rights and responsibilities of each partner. The partnership agreement is a document that states all of the terms of operating the partnership for the protection of each partner involved. Banks often want to review the partnership agreement before lending the business money. A partnership agreement can include any legal terms the partner's desire. The standard partnership agreement will likely include the following information:

1) Name of the partnership
2) Purpose of the business
3) Location of the business
4) Duration of the partnership
5) Names of the partners and their legal addresses
6) Contributions of each partner to the business, at the creation of the partnership and later.
7) Agreement on how the profits or losses will be distributed.
8) Agreement on salaries or drawing rights against people for each partner.
9) Procedure for expansion through the addition of new partners.
10) Distribution of the partnership asset to the partners.
11) Sale of the partnership interest
12) Absence or disability of one of the partners
13) Voting rights
14) Decision making authority
15) Financial authority
16) Handling tax matters
17) Alteration or modifications of the partnership agreement.
18) Termination of partnership
19) Distribution of assets upon dissolution of the partnership

A Partnership can be regarded as an improvement on sole proprietorship form of business organization, the minimum number of people that can form a partnership is two, while the maximum is twenty, with the exception of partnerships comprising professionals; for

example, lawyers, accountants, doctors, to mention just a few. Notably, most partnerships are usually formed by professionals and those that engage in service oriented business concerns.

Types of Partnership:

There are four types of partnership, on the basis of liability of partners

(1) General partnership: This is a partnership in which all owners share in operating the business and in assuming liability for the business' debts.

(2) Limited partnership: This is a partnership with one or more general partners and one or more limited partners. Limited partnership is one in which certain partners are liable only for the amount of their investment. This is a special kind of partnership governed by partnership Act of 1907. The purpose of a limited partnership is to allow one or more individuals to provide capital on which a return is expected. In case of liquidation, the limited partners only lose the capital.

(3) Master Limited Partnership (MLP): This is a newer form of partnership which looks much like a corporation in that it acts like a corporation and is traded on the stock exchanges like a corporation but it is taxed like a partnership and thus avoids the corporate income tax.

(4) Limited Liability Partnership (LLP): LLP limited partners risk losing their personal assets to only their own acts and omissions of people under their supervision. This newer type of partnership was created to limit the disadvantage of unlimited liability.

Types of partners on the basis of the involvement in partnership:

An entrepreneur interested in being involved in partnership form of business should endeavor to understand the types of partners that he/she can choose to be in this form of business. Partners may be classified on the basis of liability, degree of management participation in management share in the profit and so on. The following types of partners are organized

1) General partner: A general partner is an owner (partner) who has unlimited liability and is active in managing the firm.

2) Limited partner: A limited partner is an owner who invests money in the business but does not have any management responsibility or liability for losses beyond the investment.

3) Silent partners: These are partners who are known by the public as owners of the business, but they may take no active role in marketing the business.

4) Secret partners: These are partners who take active role in the management of the company but they are unknown to the outsiders as partners.

5) Sleeping partners: These are also known as dormant partners, they are neither known as partners by the public nor do they participate in managing the company. They only share from the profit /loss of the business to the tune of capital contributed.

6) Nominal partners: These kinds of partners are publicly known that they are partners although they have no investment in the business and therefore have no rights of management. They merely lend their names to the enterprise and may be liable for certain debt of the partnership.

- How is a general partner different from a sleeping partner?
- A general partner is an owner (partner) who has an unlimited liability and is active in the management of the form, a sleeping partner on the other hand do not participate in the day to day running of the business, they only share in the profit /loss of the form. Most often they are not known to the public and partners

Advantages of Partnership:

The following are the advantages of Partnership:

- Easy to establish
- More financial resources
- Shared management and pooled /complementary skills and knowledge
- Division of profits
- Minimum governmental regulation/limited legal restrictions
- Flexibility
- Freedom from double taxation
- Secrecy
- Longer survival

Disadvantages of Partnership:

The following are the disadvantages of Partnership

- Unlimited liability
- Division of profits
- Disagreement among partners especially with regard to authority and control
- Difficult to terminate because partners are bound by the law of agency
- Restrictions on transfer of ownership
- Lack of continuity

Dissolution and Termination of a Partnership

Partners expect their business relationships are going to last forever. However, most do not. There are possibilities that problems may occur when the entrepreneur realizes he or she is not in charge of his or her own company. Even when partnerships work, there are always fears that the partners will develop different business goals. Partners may dissolve or terminate the partnership. Thus dissolution occurs when a general partner ceases to be associated with the business. This may be as a result of:

- Expiration of a time period or completion of the project undertaken as delineated in the partnership agreement.
- Expressed wish of any general partner to cease operation.
- Expulsion of a partner under the provisions of the agreement.
- Withdrawal, retirement, insanity, or death of a general partner (except when the partnership agreement provides a method of continuation).
- Bankruptcy of the partnership or of any general partner.
- Admission of a new partner resulting in the dissolution of the old partnership and establishment of a new partnership.
- A judicial decree that a general partner is insane or permanently incapacitated, making performance or responsibility under the partnership agreement impossible.
- Mounting losses that make it unpractical for the business to continue.
- Impropriety or improper behaviour of any general partner that reflects negatively on the business. (Adapted from Scarborough et al 2009 pg 87). Termination on the other hand is the final act of intentionally closing the partnership as a business. This can occur after the partners have agreed to cease operations and all affairs of the partnership have been concluded.
- How is Sole Proprietorship different from partnership?
- Sole proprietorship is a business established and run by the owner for purpose of meeting needs and making profit, while partnership is a business run by between 2 and 20 partners for purpose of meeting needs and making profit

Limited Liability Companies

The incorporation of companies differs from one country to the other. Each country has a body of laws that guide the registration and operations of companies. In Nigeria, the Companies and Allied Matter Act (CAMA) of 1990 is the major law that guides formation and registration of companies in Nigeria.

Formation of Company and Capacity of Individual

According to Section 18 of CAMA 1990, two or more persons may form and incorporate a company by complying within requirements of the act. It also specifies the category of people

that can come together to form a company. Section 20 states that anyone in these categories is not qualified:

- he is less than eighteen years of age;
- he is of unsound mind and has been so found by a court in Nigeria or elsewhere;
- he is an un-discharged bankrupt;
- he is disqualified under Section 254 – which says a person is convicted by a High Court of any offence in connection with the promotion formation or management of a company, etc.

Types of Companies:

Three types of companies can be identified

- Limited by shares
- Limited by guarantee
- An unlimited company.

A company is said to be limited by shares, if the liability of its members limited by the memorandum to the amount, if any unpaid on the shares respectively held by them. A company is said to be limited by guarantee if the memorandum to such amount as the members may respectively thereby undertake to contribute to the assets of the company in the event of its being wound up. A company is said to be unlimited when the members do not have any limit on the liability of its members.

Private liability Companies

The private liability company can be formed by minimum of two persons and maximum of fifty persons excluding employees of the company both past and present (according to Section 22 Subsection 3). The total number of members of a private company shall not exceed fifty, not including persons who are bonafide in the employment of the company or were while in that employment and have continued after the determination of that employment to be, members of the company. The articles of the private company must restrict the transfer of its shares, i.e. the share of the company is not transferable through public offer for subscription. The law also requires the name of private company to end with the word "limited". The public liability company is a company where the shareholders are members of the public. The shares are generally freely transferable. Public companies are large trading concerns with minimum membership of two but no maximum. The name of a public company is expected to end with Public Limited Company (PLC).

Explain limited liability companies?

Limited liability companies are companies incorporated or registered in Nigeria that is regarded as an artificial person, such company can sue and be sued. They can take the form of private or public companies.

Legal Requirement for Registration of Companies

The Companies and Allied Matter Acts specified the documents of incorporation, in section 35 of the acts to include:

- Memorandum of Association;
- Articles of Association;
- Notice of the address of the registered office and head office;
- Statement of the lists and particulars of the first directors of the company;
- Statutory declaration of compliance with the provisions of the acts
- Any other document that may be required by the Corporate Affairs Commission (CAC), e.g. tax certificate of the directors, etc.

If the promoters have met the requirements of the CAC, a certificate of incorporation or certificate of registration would be issued and immediately the company becomes an artificial person or legal entity.

Memorandum and Articles of Association: These two documents constitute the basic constitution of a company. They are in fact the main incorporation documents. The provision of the Articles of Association is subsidiary to that of the Memorandum of Association. In other words, Memorandum of Association is superior to the Articles of Association. Wherever there is a conflict between the provisions of the two, that of Memorandum of Association takes pre-eminence prevails. Contents of Memorandum of Association: Section 27 of CAMA 1990 specified the content of the Memorandum of Association. The content include among others:

- Name of the company: For a private company to end with (Ltd); public company to end with (PLC), i.e. both are limited by shares. If limited by guarantee to end with limited by guarantee or (Ltd/GTE). No two different companies must have an identical name;
- The address of the registered office of the company must be located in Nigeria;
- The object of the company – the type of business and contract the company can lawfully enter into;
- The restriction, if any, on the powers of the company;
- Share capital clause – minimum share capital required for private company is N10,000, while that of public company is N500,000;

- Liability closure – the statement whether the liability of its members are limited or unlimited or limited by share or guarantee;
- Subscription clause – the subscribers of the memorandum are required to subscribe nothing less than 25% of the company's share capital. Each subscriber must write his full names, signature, profession or status as well as address on the column provided.

Content of the Articles of Association: The Articles of Association prescribe the rules and regulations for the internal management of the affairs of the company. The Articles of Association regulates the rights, duties, and obligations of the members among themselves and also the rights, duties and obligations of the members to the company and vice-versa. Other items contained in the document include:

- Membership;
- Meetings, notices of meetings, conduct of meeting;
- Directors, their qualifications, disqualification powers, duties, etc;
- The company borrowing powers;
- Company Secretary;
- Custody of the company's common seal.

Advantages of Limited Liability Companies

a. It has a legal entity;
b. Limited liability of shareholders
c. Ability to attract capital
d. Ability to continue indefinitely
e. Transferable ownership
f. Separation of ownership from management
g. The death of a shareholder does not mean the end of the company;
h. Accessibility to large capital which enhance growth.

Disadvantages of limited liability companies

- When company becomes very large, there is no personal relationship between the customers and the owners;
- Official red tapism may delay decision making;
- Chain of command becomes long which lead to communication breakdown.
- Cost and time involved in the incorporation process e. Double taxation
- Charter restrictions
- Extensive legal requirement and restrictions
- Potential for diminished management incentives
- Potential loss of control by the owners
- Difficulty of termination
- Possible conflict with share stockholders and board of directors

How is private company different from public company?

Private company has a maximum number of 50 persons, shares are not subscribed to or transferable by the public and the name must end with "limited" while public company do not have any maximum number of subscribers, shares are publicly subscribed to and transferable through the stock exchange market.

Co-operative

A form of business ownership which involves a collective ownership of a production, storage, transportation or marketing organisation is what is referred to as a co-operative. Some individuals dislike the notions of having owners, managers, workers and buyers as separate parties with separate goals for business organisation. They envision a situation whereby people will co-operate with one another as an association and share the wealth more evenly. This is what necessitates the form of business ownership referred to as cooperatives.

Types of Co-operative

Consumer/producer co-operative Workers co-operative Finance co-operatives Co-operatives allow small businesses to obtain quantity discounts on purchases, reducing costs and enabling the co-operative to pass on the savings to its members.

GSP3201 ENTREPRENEURIAL STUDIES I

PASS QUESTION PAPER FOR 2017/2018

1. Historically, the word *entrepreneur* is derived from…..
   a. English word
   b. Latin word
   c. French word
   d. American word
2. The Irish man who first used the term entrepreneur to economic activities is…..
   a. Henry Fayol
   b. Abraham Maslow
   c. Richard Cantillon
   d. Douglas Anthony
3. The process of creating a business enterprise capable of entering new or established market is known as…………..
   a. Enterprise
   b. Business
   c. Entrepreneurship
   d. Venture
4. …………. is an individual who creates an enterprise that becomes a new entry to a market
   a. Enterpriser
   b. Businessman
   c. Entrepreneur
   d. Business tycoon

5. Any company that is independently owned and operated is small in size, and does not dominate its markets is called….
   a. Large business
   b. Medium business
   c. Small business
   d. Semi-business

6. The followings are types of an entrepreneur, except…
   a. Solo operators
   b. Active partners
   c. Innovators
   d. Inventors

7. ………… is a person with strong belief in his or her ability to succeed.
   a. External locus of control
   b. Intermediate locus of control
   c. Internal locus of control
   d. Partial locus of control

8. An entrepreneur utilizes one of the following to create and operate an enterprise….
   a. Study skills
   b. Computer skills
   c. Negotiation skills
   d. Modelling skills

9. Employees in a start-up company are likely to work extremely long hours for modest. This could be born out of………..
   a. Modelling skills
   b. Negotiation skills
   c. Leadership skills
   d. Networking skills

10. ……………. is relationship between the entrepreneur and other entrepreneurs, suppliers creditors, investors, friends, former professors, and other
    a. Leadership skill
    b. Modelling skills
    c. Networking skills
    d. Negotiation skills

Read and answer questions 11, 12 and 13:

__Jess, Ummi__ and __Zara__ are women entrepreneurs, __Jess__ has three kids and is a single mother. __Ummi__ was a former corporate manager who worked in a male-dominated firm and was not advancing to top executive status despite years of hard working. __Zara__, diplomatic to a fault, she wanted to remove herself from the cutthroat environment of the corporate world in which site worked previously to start her own entrepreneurial activities.

11. Jess removed herself from the corporate world to enter entrepreneurship in order to…..

a. Make strategic decisions at a firm
b. Avoid unpleasant organization politics
c. Obtain more autonomy
d. Balance work and family responsibility

12. Ummi choose entrepreneurship because she wanted to….
a. Make strategic decisions at a firm
b. Obtain more autonomy and challenge at work
c. Balance work and family responsibility
d. Advance beyond the "*glass ceiling*"

13. Zara chose entrepreneurship because she wanted to…..
a. Avoid unpleasant organization on politics
b. Advance beyond the "*glass ceiling*"
c. Obtain more autonomy and challenge at work
d. Achieve personal fulfilment through innovation

14. All the under listed points are reasons for becoming an entrepreneur, except….
a. You will be your own boos and boss to other people and make decisions that are crucial to the business success or failure.
b. You will make money for yourself rather than for someone else.
c. You may participate in every aspect or running a business and learn and gain experience in a variety of disciplines.
d. You will have the chance to assemble products.

15. Starting an entrepreneurial venture begins with…..
a. Participation
b. Communication
c. Representation
d. Idea

16. Entrepreneurs get information about new businesses from….
a. Movies
b. Textbooks
c. Business plan
d. Trade shows and exhibitions

17. Entrepreneurial ventures can fail if the business idea is……. Implemented
a. Rightly
b. Excellency
c. Genuinely
d. Poorly

18. The most common reasons for business failure include:
a. Capital Formation
b. Understanding of competition
c. Knowledge of the market
d. Faulty product design

19. ………… is a process of upward change whereby the real per capital income of a country increases for a long period of time.

a. Training development
b. Enterprise development
c. Capital development
d. Economic development

20. The final step of starting business is………
a. Obtaining financing
b. Developing a business plan
c. Selecting the most appropriate type of legal structure to operate under
d. Dealing with growth and expansion

21. One main feature of a sole proprietor business is that the business is………..
a. Mainly owned by one person
b. It involves more than one person
c. A proprietor business
d. All of the above

22. Which of the following is a form of business enterprises
a. Unlimited company
b. Venture capital
c. Limited partner
d. Liability of business

23. Which of the following is not an example of items that should be contained in "*Art Partnership"* agreement?
a. The type of customers
b. Risk sharing formula
c. Business asset to be contributed by each partner
d. How the profit should be shared

24. One of the main features of a Non-profit organization is that………..
a. There are no shareholders
b. It is a business organization
c. It is a charity organization
d. None of the above

25. The salient future that distinguishes the limited company from other business is limited to………
a. Offer shares to the general public
b. Transfer its liabilities
c. Be registered as a company
d. Their dividend

26. In event of liquidation of a company limited by share, the liability of the shareholders is limited to………
a. The value of their shares
b. Their profit margin
c. The company
d. Their dividend

27. A company whose shares can be quoted on a stock exchange market is called……….
a. Public limited company

b. Private limited margin
c. Profit organization
d. Limited partner

28. One of the main advantages of a public limited company is that……
a. It is easier to raise capital
b. It is easier to share profit
c. It is easier to make a decision
d. None of the above

29. What is the minimum required number of shareholders for public limited companies in Nigeria?
a. 50 members
b. 70 members
c. 100 members
d. 150 members

30. A company is said to be …….. when the liability of the shareholders include their assets that is over and above the value of their share contribution to the business.
a. Unlimited company
b. Private company
c. Cooperation
d. General partnership

GSP3201 ENTREPRENEURIAL STUDIES I

PASS QUESTION PAPER FOR 2018/2019

1. One of the misconception about who an entrepreneur is that, an entrepreneur is someone who…
   a. Recognizes as opportunity
   b. Own a small business
   c. Undertakes some project
   d. Bears some risk

2. While an entrepreneur's role in business is innovation, a manager's role is simply running an already established business on rountine basis
   a. True
   b. False

3. A Public Health graduate who uses Artificial Intelligence to diagnose patients in his/her private health clinic is…….. kind of entrepreneur
   a. Solo based
   b. Technology based
   c. Innovate based
   d. Economic based

4. An entrepreneur with a strong belief in his/her ability to succeed is a typical example of………. Characteristic of an entrepreneur
   a. High Need for Achievement
   b. Internal Locus of Control
   c. Willingness to take risk
   d. Self confidence

5. Entrepreneurial characteristics may be acquired from family role models, in school, work, or social activities.
   a. True
   b. False

6. Business of Ashaka Cement size create more jobs than the likes of typical restaurants in Nigerian campuses….
   a. True
   b. False

7. An entrepreneur's ability to maintain a cordial relationship with friends, family and acquaintances and use same in promoting the growth of his/her business is known as….
   a. Negotiation Skills
   b. Networking Skills
   c. Leadership Skills
   d. None of the above

8. Adamu is a graduate of Business Administration who works with Dangote Group and earns N1,201.02 per month. He is likely to become billionaire than a Microbiology graduate who produces healthy Zobo drink for the diabete patients and sold at N1,000 per litre
   a. True
   b. False

9. An entrepreneur earns a……..
   a. Salary
   b. Profit
   c. Royalty
   d. None of the above.

10. One of the following is not a motivation to become an entrepreneur
   a. To be own boss
   b. To earn salary
   c. Personal satisfaction
   d. Flexible work ours

11. …………….. is a typical example of unethical entrepreneurial activity in a typical University campus.
   a. Recharge card vending
   b. Retails of basic pharmaceutical
   c. Internet service retail
   d. All of the above

12. Entrepreneurs often encounters…..
   a. Financial constraints
   b. Weight loss
   c. Risk of failure
   d. Frustration

13. Ideas to start-up an entrepreneurial venture may pop-up to a polo fan during a polo tournament
   a. False
   b. True

14. The demise of Alhaji Adamu Dankabo, the owner of Kabo Air, led to the eventual death of the company. Above is a one of the disadvantage of………..
   a. Company limited by shares
   b. Sole proprietorship
   c. Company limited by guarantee
   d. Franchising

15. Aminu is a pharmacologist who has won several awards for inventing machines that cures ailments such as cancer, HIV, hepatitis etc. However, he is lacking in basic marketing skills. Aminu's products will succeed…
   a. Absolutely true
   b. Perhaps
   c. Absolutely false
   d. None of the above

16. Sana’a Manufacturing Company owner’s assets were sold to liquidate the company’s debt. Sana’a is a …….
    a. Limited Liability Company
    b. Unlimited Liability Company
    c. Sole Proprietorship
    d. None of the above
17. Habeeb and Adama contributed capital and established a restaurant, with a view to share profit or otherwise. This form of business is popularly known as….
    a. Small business
    b. Partnership
    c. Cooperative
    d. Corporation
18. Based on example in question 17 above, Habeeb cooks at the restaurant, while Adama washes plates. Both Habeeb and Adama are……….
    a. Limited partners
    b. General partners
    c. Working Partners
    d. Solo partner
19. Jonah, Jang and Lalong owns shares of Lakadan Printing Press. In the case of liquidation, the company’s liability will not consume personal properties of Jonah, Jang and Lalong. This form of company is know as…..
    a. Public company limited by shares
    b. Private company limited by shares
    c. Individual company limited by shares
    d. Commercial company limited by shares.
20. In the event of demise of Jonah, Jang and Lalong, Lakadan Printing Press will cease to exist.
    a. True
    b. False
21. Amadu bears all the costs of establishing his unregistered Suya Joint at Amalanke Street in Cross River State, Amadu’s business is…………… for of business.
    a. Non-profit organization
    b. Sole proprietorship
    c. Partnership
    d. None of the above
22. Based on Amadu’s story in question 21 above, Amadu’s business is a legal entity.
    a. True
    b. False
23. Sani, Sidi and Sabo established Badagry Golf Club and undertake to contribute N1,000,000 each in the event of its winding up. Badagry Golf Club is a typical example of ……..
    a. Limited by shares
    b. Limited by guarantee
    c. Limited by interest
    d. None of the above

24. Keke Napep drivers registered an entity with a view to engage in business for the business for the welfare of its members. This entity is known as ……………
   a. Partnership
   b. Cooperative
   c. Franchise
   d. All of the above

25. ……………. is a government agency responsibility for registration of legal business entities.
   a. CBN
   b. CAC
   c. NAFDAC
   d. SMEDAN

26. The word ‘Entrepreneur’ originated from ………..
   a. French
   b. Greek
   c. Arabic
   d. Chinese

27. At what stage of entrepreneurship development was an entrepreneur distinguished from capital provide?
   a. 18^{th} century
   b. 19^{th} century
   c. Middle ages
   d. 17^{th} century

28. The 19^{th} century became fertile for entrepreneurship because of……..
   a. Technological advancement
   b. Availability of capital
   c. High supply of labour
   d. Profitability of investment

29. The concept of innovation Theory means……..
   a. 20^{th} Century
   b. 17^{th} Century
   c. Middle Century
   d. 18^{th} Century

30. “Creativity destruction” is an innovation Theory means….
   a. Old approaches and products are replaced with better ones
   b. Old products and process of production are being destroyed
   c. Creativity is destroyed
   d. Old and new products coexist

31. Which of the following is not an economic factor that influences entrepreneurship?
   a. Social network
   b. Taxation policy
   c. Marketing opportunity
   d. Easy access to finance

32. All of the following are psychological theories of entrepreneurship except…..
   a. Personality trait
   b. Locus of control
   c. Need for preparation

33. Which of the following tribes in Nigeria dominates the entrepreneurial space in the country?
    a. Igbo
    b. Yoruba
    c. Hausa
    d. Ibibio

34. According to……. hard experience in life could develop the entrepreneurial skill in an individual
    a. Psychodynamic model
    b. Inter-generational theory
    c. Personality trait theory
    d. Locus of control theory

35. The entrepreneurship success of Aliko Dangote in Nigeria could best be explained by…..
    a. Inter-generational inheritance
    b. Psychodynamic model
    c. Personality trait
    d. Risk-taking propensity

36. Innovation theory of entrepreneurship was proposed by …….
    a. Joseph Schumpeter
    b. J.B. Say
    c. John Stuart Mill
    d. Reynolds

37. All of the following are components of innovation in entrepreneurship except….
    a. Starting-up and managing a business
    b. Introduction of new products which consumers are not yet familiar with
    c. Identifying new market
    d. Introduction of new method of production

38. Which of the following is not true about inventor in the innovation theory?
    a. Innovator and inventor are the same
    b. An inventor discovers new methods while an innovator applies the new methods
    c. An inventor is concern with technical work an innovator exploit the invention commercially

39. The Igbo's dominators of entrepreneurial spaces in Nigeria could best explained by….
    a. Psychodynamic model and social marginally
    b. Inter-generational inheritance and personality trait
    c. Personality trait and locus of control

40. What is the full meaning of NDC?
    a. National Directorate of Employment
    b. Nigerian Directorate of Employment
    c. National Directorate of Employees

41. SMEDAN stands for …………
    a. Small and Medium Enterprises Development Association of Nigeria
    b. Small and Medium Entrepreneurs Development Association of Nigeria
    c. Senior and Middle Entrepreneurs Development Association of Nigeria

42. Entrepreneurship course in Nigerian Universities meant to …….
    a. Develop future entrepreneur
    b. Maintaining entrepreneurs
    c. Small businesses
    d. All of the above

43. Y & M Adalah Nono introduced packaging and chilling of traditional *fura da nono*, what is innovative about Y & M Adalah Nono?
    a. Packaging and chilling
    b. Selling of *Fura da Nono*
    c. Mixing *fura da Nono*
    d. A & B above
44. The production manager of Y & M Adalah Nono introduced a new product into the line of the company's products, name *Nono da Kwawa*, this is a display of…………
    a. Intrapreneurial Skill
    b. Managerial skill
    c. Entrepreneurial skill
    d. Technological skill
45. Mr. Ali is a graduate with entrepreneurial idea, he partners with a politician, Hon. Smart to fund his idea for a return. Hon. Smart in the business becomes the……
    a. Capitalist
    b. Business owner
    c. Entrepreneur
    d. Lender
46. All of the following are to be considered when partnering in entrepreneurship, except…
    a. Ethnicity
    b. Trust
    c. Entrepreneurial skills
    d. Commitment
47. Apart from innovation, what differentiates an entrepreneur from a small business owner?
    a. Growth
    b. Profit
    c. Employment generation
    d. Tax payment

48. Adamu decided to sell his entrepreneurial idea because all efforts to get funding failed. is Adamu still an entrepreneur?
    a. Yes
    b. No
49. Chukuemeka has different entrepreneurial ideas, it is not a wise decision for Chukuemeka to take up all the ideas at once.
    a. True
    b. False

50. The first and safest source of funding for an entrepreneur is/are….
    a. Personal savings and borrowing from family members
    b. Business rant from relevant agencies
    c. Borrowing from banks and others at a given of interest
    d. A & C